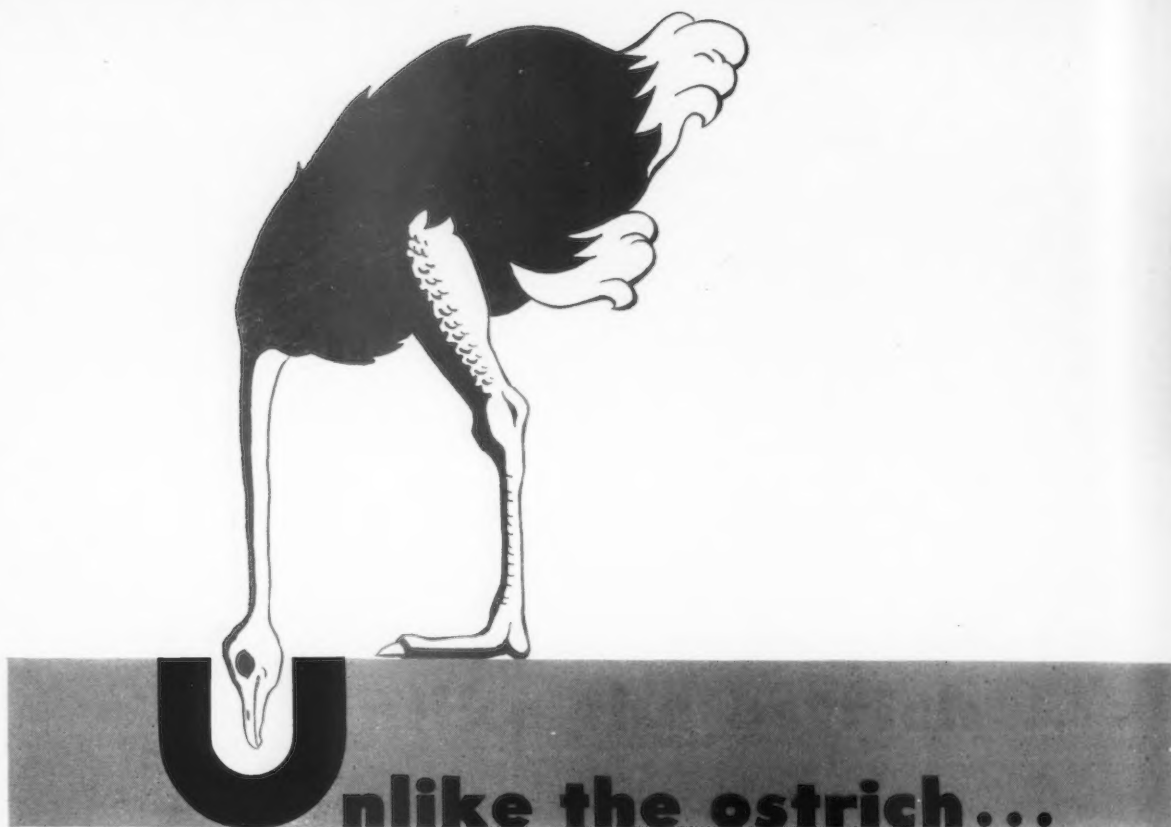




How Are the Tax Studies Going?

A Day with the National Debt (page 33)



Unlike the ostrich...

...the commercial banker must see and know what's going on.

This is particularly true when he's lending the bank's money.

That's why so many banks today are recommending loans on inventory field warehoused by Douglas-Guardian. They can see their security. They know our reputation for integrity and fair dealing. They realize that regardless of a customer's size—or credit rating—or record of past performance, the bank is always better protected when it relies on sound collateral in the form of dependable field warehouse receipts.

We've prepared a booklet, "Our Story Has Three Sides", which explains to your customers the advantages of borrowing on inventory. Just write our nearest office for copies. And remember—when you make the loans, we'll make them safe.

DOUGLAS - GUARDIAN

WAREHOUSE CORPORATION

"The Bankers' Field Warehouse Company"



NEW ORLEANS 1, La., 118 North Front St.
 NEW YORK 4, N. Y., 50 Broad St.
 CHICAGO 2, Ill., 173 W. Madison St.
 ATLANTA 3, Ga., Hurt Bldg.
 CLEVELAND 14, Ohio, Union Commerce Bldg.
 DALLAS 1, Texas, Tower Petroleum Bldg.
 LOS ANGELES 14, Calif., Garfield Bldg.

MEMPHIS 3, Tenn., Porter Bldg.
 PHILADELPHIA 2, Pa., Girard Trust Bldg.
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 PHOENIX, Ariz., 1516 Flower Circle North
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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



Every now and then Secretary Snyder calls on 86-year-old Representative Robert L. Doughton of North Carolina, Chairman of the House Committee on Taxation, to discuss the economic situation and the progress of tax studies being made by the Joint Congressional Committee and Treasury Staffs

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May 1949

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GROWTH

The imposing stature of the American banking system can be traced to roots that are deep in the soil of sound business practice and progressive management.

The recognition accorded La Monte Safety Paper is also a reflection of sound practice. La Monte has made the production of protective papers its only concern for more than three-quarters of a century—specialization that has made this product the nation's standard for quality and safety.

La Monte SAFETY PAPER FOR CHECKS

GEORGE LAMONTE & SON, NUTLEY, NEW JERSEY



A Check Paper All Your Own

Thousands of banks and many of the larger corporations use La Monte Safety Papers with their own trade-mark or design made in the paper itself. Such INDIVIDUALIZED check paper provides maximum protection against both alteration and counterfeiting—makes identification positive.





Man's-size Job

THE photographer said that making the pictures for "A Day With the National Debt" (p. 33) was just about the most interesting assignment he'd ever had.

BANKING's camera man, BRUCE HOERTEL of Washington, D. C., spent an entire business day with the Secretary of the Treasury, and the result was a series of studies taking Mr. SNYDER through a characteristically crowded program of visitors and visits.

The Secretary's engagement list for that day included conferences with such prominent individuals as Comptroller of the Currency DELANO, Representatives DOUGHTON and CANNON, Export-Import Bank President MARTIN, Riggs National Bank President ROBERT V. FLEMING, and FDIC Chairman HARL. Chairman McCABE of the Federal Reserve Board was to have conferred with the Secretary, but was called away by a death in the family.

There was also a meeting or two, and a call at the White House. The Hoertel camera recorded each occasion.

With the pictures is a brief article that points up the Secretary's duties and explains how he feels about the Treasury's biggest responsibility, the management of the national debt.

And that, everyone will agree, is a man's-size job.

Any Ideas?

WE THOUGHT BANKING's readers might like to suggest a title for the DICK ERICSON cartoon at the right.

The scene, of course, is a schoolroom. The teacher is—well, not bad—but that's beside the point. The reciting pupil says . . .

That reader, is up to you. What is he saying?

BANKING invites your suggestions and will publish, with credit to the authors, the titles its editors like best.

The author of each title printed will receive a year's free subscription to this magazine.

So sharpen your wits and send your witticisms to Title Editor, BANKING, 12 East 36th Street, New York 16, New York.

How Much Is a Billion?

AN advertising man has modernized the old challenge, "How much is a million?"

Perhaps on the theory that in these astronomical times a mere million is next to nothing (unless you don't have one), he bypasses the seven digit figure and asks "How much is a billion?" It works out this way:

"If a fund had started to accumulate January first, 1 A.D., at the rate of \$1 a minute, it would not have reached the billion mark for over 1,900 years—or to be specific, until April 29, 1902."

The producer of this statistical computation is JAMES T. ANDERSON, advertising manager of George La Monte & Son, manufacturers of safety paper. He used the calculation in an ad published in the April issues of the banking press.

In case you question the computation, are curious as to how it was reached, or care to go on with the mental gymnastics, here is the formula that leads to his conclusion:

On the basis of one every four years, there would be 475 leap years in 19 centuries. But wait—from this total there must be deducted, because of calendar adjustments, the years 4, 1752, 1800, and 1900, leaving 471 leap years of 366 days each. However, 1752 had only 355 days, so the number of 365-day years is cut to 1,429.

This calculation covers 1901 years, with 118 days and 640 minutes left over, Mr. Anderson says, so that 10:40 A.M., April 29, 1902, became the minute the billion mark was reached.

The World Calendar Association was helpful in providing historical data for the Andersonian excursion among



When
you
have
a
Philadelphia
story
to
tell

•
•
• you naturally want complete local banking facilities that will enable you—or your customers—to do full justice to it.

Central-Penn has just such facilities. Make use of them, won't you, as occasion warrants.

**CENTRAL-PENN
NATIONAL BANK
OF PHILADELPHIA**

Member Federal Deposit Insurance Corporation

**SCUDDER
STEVENS
& CLARK
FUND, Inc.**

•
*The price
is actual
net asset
value.*
•

Prospectus on Request

10 POST OFFICE SQUARE
BOSTON, 9, MASSACHUSETTS

— SPECIALISTS IN —

United States Government Securities



State and Municipal Bonds



C. J. DEVINE & CO. INC.

48 Wall Street, New York 5

HA 2-2727

Chicago • Boston • Philadelphia • Washington • Pittsburgh
Cleveland • Cincinnati • St. Louis • San Francisco

Direct Wires to all Offices

MANUFACTURERS NATIONAL BANK OF DETROIT

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*President,
Murray W. Sales Investment Co.*

HENRY H. SANGER

WESSON SEYBURN
President, Wesson Estates

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



"George P. Weston, are you out of your mind? The company retired you on a pension last Friday!"

the centuries. It pointed out that 4 A.D., although divisible by 4, was not a leap year because the College of Pontiffs failed to carry out Julius Caesar's directions for placing every fourth year in that category. When Augustus Caesar discovered the oversight it was decided to rectify the mistake by suspending the next three intercalations, with the result that 8 A.D. became the first leap year.

"In 1582," said the association, "Pope Gregory XIII and his scientists found that the discrepancy between the natural or solar year of 365.2422 days and the existing calendar year of 365.22 days had established a substantial error, and 10 days were dropped from the Julian calendar during that year."

A similar adjustment was made by Britain and her colonies in 1752 when the solar calendar differential of approximately 11 days was dropped from the calendar. And to guard against further inaccuracies it was decided that only century years exactly divisible by 400 would be leap years. Thus 1800 and 1900 weren't leap years, but 2000 will be.

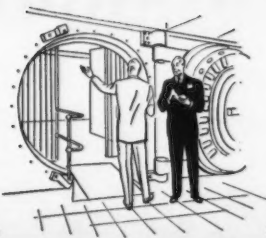
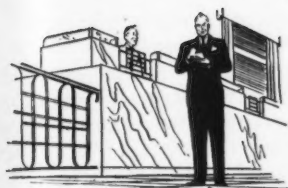
All in all, the computation was rather complicated. JIM ANDERSON is satisfied to stop at a billion. He declines to set the time at which the national debt would be paid if it could be reduced at the rate of \$1 a minute.

Idle Polio Funds

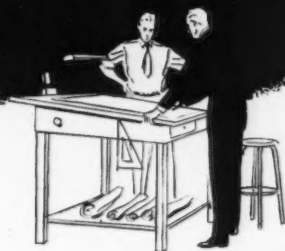
THE National Foundation for Infantile Paralysis, Inc., asks BANKING to relay this message to banks:

"During the 10 years of the Founda-
(CONTINUED ON PAGE 6)

BANKING



department-by-department
**WE ANALYZE
YOUR NEEDS**



before we design your banking quarters!

Acceptance for our services today can be attributed to a growing awareness of the importance of operating methods . . . and costs. Today a bank earns a profit on *its lower operating costs* due to efficient quarters, as well as from its regular sources of revenue. That's why it is a good investment to work with designers who know *the business of BANKING*, as well as architecture. We've completed almost two thousand bank projects during the past thirty-seven years. Thus we know bank de-

signing like no one else in the country. But of even greater importance—we know **BANKING** . . . its function, its operation, its philosophy, its problems! Approaching your new quarters project . . . department-by-department from a banker's point of view . . . we are able to translate your bank's business operation into truly functional architecture. Our proved planning techniques assure you of savings in initial construction costs . . . and savings in future operating costs!

**Over 450 bank projects
since the end of the war . . .**

That means 450 individual banks . . . surveyed, studied, redesigned for more efficient, lower-cost operation. If you contemplate new quarters, let our experienced organization help you. We are bank building specialists. Get the facts, write us today.

OFFICES IN NEW YORK, FT. LAUDERDALE, SAN FRANCISCO, ST. LOUIS



**Bank Building and
Equipment Corporation**

OF AMERICA

Headquarters: NINTH & SIDNEY STREETS - ST. LOUIS 4, MO.

America's most experienced bank designers—

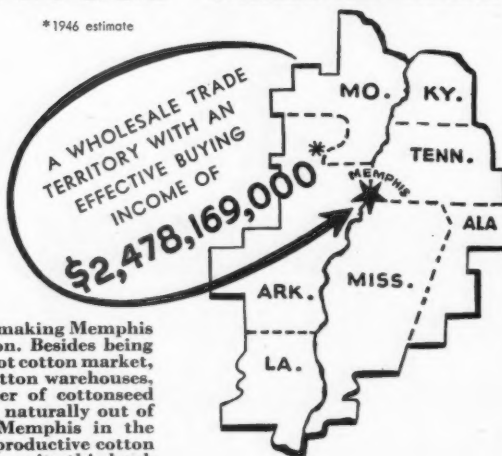
MEMO FROM MEMPHIS

ONE OF
AMERICA'S
MAJOR MARKETS

LARGEST INLAND
COTTON MARKET
IN THE WORLD

ONE of the chief factors in making Memphis a major market is cotton. Besides being the world's largest inland spot cotton market, Memphis has the largest cotton warehouses, and is the leading producer of cottonseed products. These facts grow naturally out of the strategic location of Memphis in the center of the world's most productive cotton region. . . . We invite you to write this bank for latest facts about this major American market.

*1946 estimate



UNION PLANTERS *National* BANK & TRUST CO.

SINCE 1869

MEMPHIS, TENN.

Capital, Surplus and Undivided Profits Over Fourteen Million Dollars
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

ThriftiCheck's
10th BIRTHDAY

or

HOW
TO GET
NEW
BUSINESS

. . . and we mean in *all* kinds of economic weather. For instance, in 1932, when public confidence in banks was at its lowest, we brought in thousands of new customers for savings accounts, checking accounts, mortgage loans and many other bank services.

In 32 years we've worked with millions of people. Explaining . . . building confidence . . . creating understanding. We've worked with thousands of banks and learned how to serve them to their complete satisfaction.

Before launching ThriftiCheck 10 years ago, we asked thousands of people what they wanted in a low-cost checking account. Our constant sensitivity to their needs makes ThriftiCheck a major drawing card for volume business in hundreds of banking offices.

If you're interested in ways and means of getting new business, we'd like to discuss ThriftiCheck with you. For a more complete picture we would like to send you our Brochure.

**BANKERS DEVELOPMENT
CORPORATION**

31 NASSAU ST. NEW YORK 5, N. Y.

JUST A MINUTE—Continued

tion's organized program, local chapter treasurers have uncovered idle bank accounts which were carry-overs of the original Birthday Ball program. Recognizing that there may still be some funds which were raised through Birthday Ball activities lying idle in banks throughout the country, it is our sincere hope that local chapter treasurers will eventually be made aware of every account of this type and will be able to incorporate such idle funds in the active treasurers' accounts which were administered by our chapters."

"If the officers of any bank find such idle accounts which are not already identified with our organized chapters, and send notification to our national headquarters," says Director C. H. CRABTREE, "we will be happy to put them in touch with the local chapter which has the responsibility for administering the funds in that area."

The Foundation's address is 120 Broadway, New York 5, New York.

CARE (free)

At the recent Eastern Savings and Mortgage Conference of the American Bankers Association in New York, one of the manufacturers participating in the display of bank equipment and services offered a CARE package to each of 10 lucky visitors who stopped at its booth to sign a card.

The donor, American Automatic Typewriter Company, tells us that these names were drawn: EDWARD A. BESSE, The Wareham (Massachusetts) Savings Bank; Miss DORCAS CAMPBELL, East River Savings Bank, New York; J. K.

(CONTINUED ON PAGE 11)

"Run it up on your adding machine, will you, Pop? It's my homework"



here's what they say
in New Jersey and
North Carolina about the

Burroughs Commercial Teller's Machine



"Your commercial teller's machines have given us faster window operation, quicker proof of teller cash, both in and out, smoother flow of teller items to the proof department, and better operating control over deposits and checks cashed . . . have proved to be one of the best investments we have made in service to our customers."

Hudson Trust Company
Union City, New Jersey

"Customers have expressed their approval of receipt . . . their appreciation of improved service. Tellers are able to handle deposits at greater speed, thereby reducing time required for customers at window. In addition, we have a much better audit control on our tellers' work. Our year's experience has proved the worth of these machines."

The Commercial National Bank
Charlotte, North Carolina

➡ Banks in 46 states, serving nearly five million depositors, are using Burroughs Commercial Teller's Machines. These machines will speed customer service . . . add efficiency to internal accounting . . . improve customer relations for your bank, too. Call your local Burroughs office today.

WHEREVER THERE'S BUSINESS THERE'S

Burroughs



CHRISTMAS CLUB

a corporation

is proud to announce

THE WINNERS

of

THE HERBERT F. RAWLL MEMORIAL AWARDS

FIRST AWARD • \$1,000

FRANCES KRAFT • Racine, Wis. • American Bank & Trust Co.

SECOND AWARD • \$500

SUSAN C. FOWLER • Louisville, Ky. • Citizens Fidelity Bank & Trust Co.

THIRD AWARD • \$500

MRS. WARREN D. RECK • Denver, Colo. • Denver Industrial Bank



Last November, Christmas Club, a corporation, announced the Herbert F. Rawll Memorial Awards Competition, offering \$5,000 in cash awards for the best human interest stories on the subject: "How The Christmas Club Has Helped Me."

Of the thousands of Christmas Club members who participated, 40% voluntarily stated that they had opened permanent savings accounts with their Christmas Club funds.

Yes, Christmas Club is a proven business-builder for banks and other financial institutions. For when Christmas Club members come to your bank or institution week after week they think of it as their financial headquarters. They become pre-conditioned prospects for the many other services you offer.

Christmas Club

a corporation • FOUNDED BY HERBERT F. RAWLL

341 MADISON AVENUE, NEW YORK 17, N. Y.

CHRISTMAS CLUB • ADDITIONAL AWARD WINNERS •

TEN AWARDS • \$100

P. W. DICKENS
Los Angeles, Calif.
SECURITY-FIRST NATIONAL BANK OF L. A.

MRS. MILDRED EVANS
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UNION PLANTERS NATIONAL BANK & TRUST CO.

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Lexington, Ky.
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NORTH RIVER OFFICE, N. Y., N. Y.

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Freeport, N. Y.
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NATIONAL CITY BANK OF ROME

MRS. JOSEPH C. WALKER
Knoxville, Tenn.
HAMILTON NATIONAL BANK

MISS HELEN MAY YOUNG, R. N.
Covington, Ky.
CAMPBELL COUNTY BANK
Bellvue, Ky.

FORTY AWARDS • \$25

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CHESHIRE COUNTY SAVINGS BANK

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THE BANK OF SALEM
Salem, Va.

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Brooklyn, N. Y.
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MARGARET E. OWEN
Hyde Park, Mass.
HYDE PARK SAVINGS BANK

MAYBELLE PETERSON
Duluth, Minn.
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DORCHESTER SAVINGS BANK

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Wheeling, W. Va.
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GERTRUDE N. RUTHERFORD
Lockport, N. Y.
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LEONA SKUTNIK
Buffalo, N. Y.
NEW YORK CENTRAL SYSTEM EMPLOYEES
BUFFALO FEDERAL CREDIT UNION

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Philadelphia, Pa.
QUAKER CITY FEDERAL SAVINGS & LOAN ASSN.

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Stamford, Conn.
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MRS. JOHN STORMES
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Blanchester, Ohio

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Evansville, Ind.
OLD NATIONAL BANK

MRS. NELLIE B. WHEATON
Chicago, Ill.
THE DROVERS TRUST & SAVINGS BANK

MRS. ANNA M. WINKLER
Athens, Pa.
THE FARMERS NATIONAL BANK



Union Oil owners get 5.4% of 1948 sales dollar

LARGEST DOLLAR PROFITS IN COMPANY'S HISTORY

According to the bookkeepers, Union Oil Company made a net profit during 1948 of \$31,293,000.

If this bookkeeping profit represented the company's actual "take," our 34,035 common stockholders would be throwing their hats in the air.

BUT HERE'S THE JOKER

53% of these profit dollars had to be plowed right back into high-cost equipment, facilities and oil properties.

Another 11% had to go into working capital.

So the actual "take"—profits that were drawn out of the business in the form of dividends to stockholder-owners—came to \$11,320,000. This amounted to a return of only 5.4% on our total sales of \$209,000,000, or 5.6% on the capital invested in the company.

UNION OIL COMPANY OF CALIFORNIA

Incorporated in California, October 17, 1890

*Taxes in chart do not include \$35,200,403 which we collected for Federal, State and local authorities from our customers; taxes paid by our suppliers; or personal taxes paid by our stockholders and employees.

WHY DID WE HAVE TO PLOW BACK 2/3 OF OUR PROFITS?

1. Under the tax laws, a corporation can set sums aside each year to replace equipment and oil properties when they're worn out. (These sums are represented in "Depreciation and Depletion" segment of big chart.) But the sums you're allowed to set aside are based on what these things cost *when you acquired them*—not on what it costs to *replace them today*. Since those depreciation funds aren't adequate to replace equipment and oil properties at today's prices, we have to make up the difference somewhere—or go out of business. That's where one part of the "profit" dollars went—replacement.

2. Every housewife knows that it takes more dollars to meet daily expenses today than it used to. A corporation's daily expenses have increased just like the average family's. That's where the other part of our "profit" dollars went—into increased *working capital* required for day-to-day expenditures.

JUST A MINUTE—Continued

STRIFERT, South Brooklyn Savings Bank, Brooklyn, New York; ALAN C. GARDNER, Manhattan Savings Bank, New York; JOHN MONTGOMERY, Baldwin (New York) National Bank and Trust Company; CHARLES D. WENTINK, The First National Bank of Clifton, New Jersey; H. S. ATWOOD, Time, Inc., New York; JOHN C. NEALY, JR., New York *Herald Tribune*; R. G. KELLER, Orange, New Jersey; and GERALD DUMARS, Rand McNally and Company, New York.

Each winner could either designate the recipient of a CARE food package, or let the organization send it to a European family in his or her name.

Kudo Couldn't

THREE New Jersey bank men recently participated in a television show that offered a surprise not only to the audience but to the participants—especially one of them.

A Hindu, Kudo Bux, had been mystifying video fans with unusual feats performed with the aid of his "x-ray eyes." Then one evening, over the NBC network from New York, ROBERT B. HANSEN and C. P. WOOD of the Leonia (New Jersey) Bank and Trust Company, and WILLIAM KRIEGER, editor of the state safe deposit association's magazine, challenged Kudo to open a safe. Said the *Bergen Evening Record*:

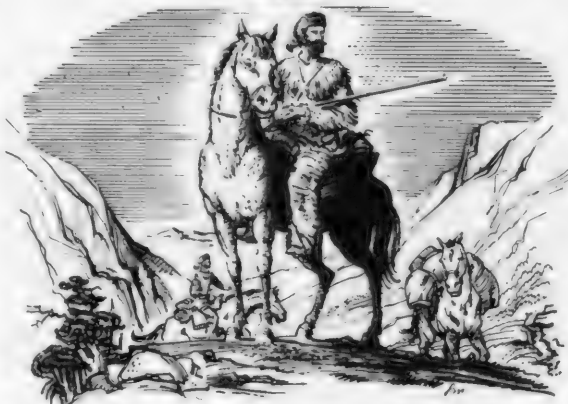
"Wood blindfolded the performer who, despite the voluminous wrappings, proceeded to read—or appeared to read—the combination from a slip of paper handed to him in a sealed envelope. However, he did not succeed in opening the safe.

"Krieger, who contends that instead of having x-ray eyes, Kudo Bux performs his feats by a mind reading trick

"Where do I sign this?"



May 1949



Kit Carson knew the value of DIRECT ROUTING

WHEN KIT CARSON guided the wagon trains, "direct routing" often meant detouring, twisting, turning... anything to get through.

But bankers today, who use Bank of America service, know that direct routing to California means *direct routing*. Your California collections may be sent to the point of payment—the local branch of this bank—in any one of more than 300 communities. One account with the San Francisco or Los Angeles Office of Bank of America makes this fast service available to you. Address your inquiries to Bank of America, 300 Montgomery Street, San Francisco 20; or 660 South Spring Street, Los Angeles 54.

Foreign branches in London, Manila, Tokyo, Kobe, Yokohama, Shanghai. New York representative: 44 Wall Street. Correspondents throughout the world.

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

California's Statewide Bank

Bank of America Travelers Cheques are known the world over. Sell them to your customers, some of whom may be coming to California during this Gold Rush Centennial year.



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION • MEMBER FEDERAL RESERVE SYSTEM



Anything in the path of a "twister" is usually knocked flat—suddenly and without warning. So people who live in areas where these things can happen dig cyclone cellars for their own protection.

Embezzlements usually hit with sudden and devastating effect, too. A single loss of this type may turn a prosperous business into a financial shambles.

Recognizing this possibility, prudent bankers insist that applicants for commercial loans be adequately protected against the ever-present risk of employee dishonesty.

When you need technical assistance in checking the form and adequacy of a borrower's dishonesty protection, call the F&D representative in your community. He will be glad to place at your disposal the unrivalled facilities of a company that has specialized in this field for more than half a century.



WITH WHICH IS AFFILIATED THE AMERICAN BONDING COMPANY OF BALTIMORE

TRUST DEPT.



"I want some securities that are on the up-and-up—not the guilty-edged kind!"

worked with assistants, had arranged to have the safe in the studio on Monday. However, the combination was not set until the evening (Tuesday) of the program. Consternation prevailed among the television officials, to say nothing of the feelings of Kudo Bux's manager, and the Leonia trio does not know whether they'll be invited back on the program."

After the show Kudo, blindfolded, tried for half an hour to open the safe, but couldn't, Mr. Krieger said. But it was said to be the man of magic's first slip-up.

"Number One Money"

It's the travelers cheque (or check, if you like) says MADELYN WOOD in an article, "The World's 'No. One Money,'" published by *Coronet* magazine. She offers numerous anecdotes to support the statement that here is "a form of 'currency' that's good anywhere and anytime."

"The true value of that money," she writes, "was strikingly demonstrated to two American travelers who had ventured far up China's Yangtze River. In an encounter with bandits, they were robbed of everything except a packet of travelers cheques. Would these be accepted by merchants in this remote spot, who had probably never been visited by an American or European? The travelers decided to try it, because they desperately needed food.

"Dubiously, they offered a \$20 cheque to an ancient Chinese merchant. His face burst into a grin. 'Number One money!' he cried. Later, he explained that years previously an explorer had given him a travelers cheque, which he

(CONTINUED ON PAGE 14)

ANNOUNCING

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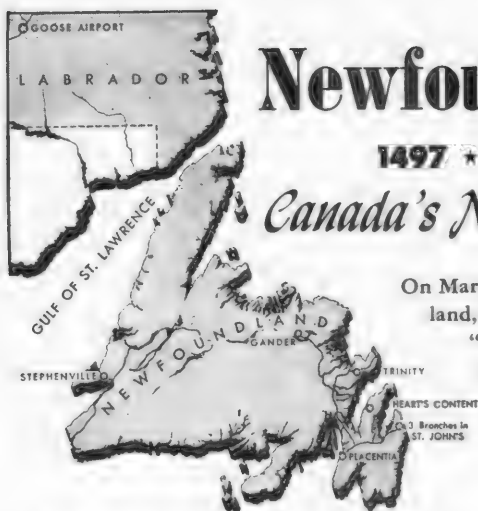
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ILLUMINATING DIVISION: Fluorescent, Incandescent, Mercury Lighting Equipment; HEATING PRODUCTS DIVISION: Domestic
Oil Burners and Liquid Fuel Devices; ROLLING MILL DIVISION: Phosphor Bronze and Brass in Sheets, Strips and Rails



★ Branches of The Royal Bank of Canada are indicated by stars.

Newfoundland

1497 ★ 1949

Canada's New Province

On March 31, 1949, Newfoundland, long known as Britain's "Oldest Colony", became Canada's tenth province. Labrador, on the mainland but politically joined to the "Oldest Colony", now becomes part of the Province of Newfoundland.

Since 1895, The Royal Bank of Canada has been established in this historic Island. Our main branch in the capital has been doing business longer than any other branch outside the Canadian mainland. Today we operate three branches in St. John's, five others in the Island and another at Goose Airport.

The knowledge and business relationships built up during more than fifty years in Newfoundland will be devoted to furthering trade not only between the ten provinces but with the United States and other countries.

THE ROYAL BANK OF CANADA

Head Office—Montreal

New York Agency—68 William Street

International banking through more than 700 branches throughout Canada's ten provinces—in the West Indies, Central and South America; New York, London and Paris. Correspondents the world over.

Assets exceed \$2,222,000,000

JUST A MINUTE—Continued

had found was good, so he cheerfully accepted this one."

Why the Circulation Jumped

It seems there has been a brisk demand from bankers for the booklet *How to Win Workers*, published by Cessna Aircraft Company of Wichita, Kansas. For some time the company wondered why.

The answer was provided by Robert R. Welsh, assistant cashier of the Fourth National Bank of Wichita. When Mr. Welsh phoned for a copy of the pamphlet he was asked if he could account for the bankers' interest.

His explanation was, reports *Cessna*, the company's employee publication, that Harold Zarker, vice-president of the First Bank and Trust Company, Perth Amboy, New Jersey, and a lecturer at The Graduate School of Banking, cites Cessna as providing "an excellent example of employee-management relations and advises the banking school students to read *How to Win Workers*."

And that's the reason so many bankers have been requesting copies.

An Oglesby Postscript

FROM Oglesby, Illinois, comes word that *BANKING*'s February article on the city's store-front modernization program touched off quite a flare of additional publicity for the town—and for us.

EDWARD HAND, city clerk, a director of the First National Bank of Oglesby, and author of our story, "Oglesby's Permanent," reports that newspapers in the area, as well as a nearby radio station, "gave us a good play on the article in *BANKING*."

JOHN L. COOLEY



BANKING

OPERATING COSTS GO DOWN



...WHEN WORK FLOWS EVENLY!

Any bank will find this National Central Control and Proof Machine invaluable for proving all incoming items and maintaining an even flow of work to all departments.

This machine insures *automatic accuracy*, for, should the operator err in recording an amount, or should a depositor err in adding a deposit ticket, the machine automatically *locks* until the error is corrected. With records always in balance, proved control figures for all departments are immediately available at all times.

National provides a complete line of accounting machines to meet the needs of *every* department of *every* bank. Of the 100 largest banks in this country, 94 use Nationals.



This 64-page, illustrated booklet describes the National line. Get it **FREE** from your local National representative. You'll find it most useful and interesting.



THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO



Courtesy BANKING Magazine



X135 Executive Chair custom fits anyone! No matter what your build, — the patented "Fixed-Floating" seat and "Kradl-Tilt" back give just the right amount of assistance for the correct, *restful* sitting position. Feet never fly off the floor when leaning back. Every position you assume is greeted by comfortable, fatigue-combatting support. Yes, SIKES shows the way to *all-day working comfort!* In finishes to match any desk, upholstered in fine fabrics and genuine leather. Write for name of nearest dealer.

THE SIKES COMPANY, INC.

24 Church St.

Buffalo 7, N. Y.



DURING the first World War, when Liberty Bonds were being sold, a hard-working woman saved diligently and bought a \$100 coupon bond, which she put in her safe deposit box.

Shortly thereafter a shortage developed in the bank's Liberty Bond account, amounting to \$9,900. In spite of exhaustive checking, the \$10,000 bond which was missing could not be found. The "mysterious disappearance" clause of the bank's insurance policy was invoked, and the number of the lost bond was posted in the tellers' cages.

About a year later, some coupons from the missing bond were presented for deposit, and noted by an alert employee. The woman presenting the coupons was questioned and said she had a \$100 Liberty Bond in her box. She was absolutely sure it wasn't a \$10,000 bond—she earned only \$15 a week and had never had more than \$300 in her possession at one time. However, just to assure the officer that her statement was true, she consented to open her safe deposit box. And when that \$10,000 Liberty Bond was found, she nearly fainted! The two denominations of bonds were of practically the same color, and the employee selling the bond had picked up and delivered the wrong one. Even in clipping the coupons, the customer had not noticed the amount of the one she had purchased. For a whole year she had been a hundred times richer, without knowing it!

I want to borrow \$20," said the man

in the faded blue dungarees, as he walked into the loan department of our bank.

"What did you want to use it for?" asked the officer, as he offered the visitor a chair at his desk.

"Well, my wife wants some glasses," was the reply.

"See, me and my wife we never got much eddication and we ain't had no time, runnin' the farm, to do much readin' and keep up to date. But now since the kids started to school, they been hell-bent on my wife's belonging to the Parent Teacher Association and goin' to the meetings. And she thinks the other women that go are smarter than she is and kind of look down on her 'cause she don't speak up and take part in the programs. And she says it's because she looks dumb, and if she had some glasses to wear she'd look more intelligent-like—as if she read a lot, you know. So I thought, just to have a little peace in the family, I'd see if I couldn't get her a pair."

The lending officer had a bright idea. "Now, if she doesn't really need the glasses to *see* with," he said, "why not just get her a pair in the ten cent store—some with just plain glass in



the frames? They wouldn't cost more than 50 cents or a dollar, and they wouldn't hurt her eyes and yet they'd make her look just as smart."

"By Gosh, Mister! You got an ideal!" exclaimed the farmer. "I'll do that." And he hurtled out of his chair, en route to the dime store to buy those important ego-elevators.

BELLE S. HAMILTON





HIGH-SPEED collection service through Bankers Trust

Where collections are concerned, it's accuracy, speed and dependability that count.

When your bank sends its checks, notes, drafts, trade acceptances and bills of exchange to us for collection, you receive prompt and dependable service—*twenty-four hours a day*. All transit items payable outside of New York are *microfilmed for your protection*.

Modern, high-speed equipment, plus careful work by *experienced personnel*, insure that your bank obtains the proceeds of its collection items with maximum speed.

To further minimize delay, you are invited to write us with a view to securing full benefit from mail and express schedules—both rail and air.

In addition, our experienced Collection Department receives millions of coupons and bonds for collection every year. No matter how great our volume may be, particular attention is given to items that require *special handling*. Coupons and bonds are

examined to expedite presentation and minimize "returns."

Through our experienced Foreign Division, we can also give you fast collection service on your foreign items.

For full information on the collection service in which you are interested, please write Banking Department, Bankers Trust Company, 16 Wall St., New York 15.

BANKERS TRUST COMPANY NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Sweeping Changes in Canada's Income Taxes

THE Dominion Government's budget presented to the House of Commons exceeded all expectations, with sweeping reductions provided for in personal and small business income taxes, as well as freer trade policies with other countries, notably the United States. Seven hundred fifty thousand individuals were released from income taxes by raising exemptions, in the case of single persons from \$750 to \$1,000 per year and of married people from \$1,500 to \$2,000. Moreover, there were some downward adjustments of tax rates. Most of these changes are retroactive to January 1, 1949, and refunds to taxpayers are to be made for the three months of this year to which the former rates applied.

Corporation taxes were reduced from 30 to 10 percent on profits up to \$10,000, but increased to 33 percent on net earnings over \$10,000. A move towards easing the burden of double taxation is a provision for credit allowances to individuals against their personal income taxes equivalent to 10 percent of dividends they receive from common shares of Canadian taxpaying companies. Some relief was also given to corporations by changing the basis for depreciation allowances. Formerly allowances were granted on the wear and tear on assets used in earning income liable to taxation. The new principle will be to allow the amortization of depreciable assets and thus to recognize obsolescence. Accountants would define this change as one from a straight-line method of depreciation to one of diminishing balance principle. Exemptions from taxation on expenditure for oil, mineral and gas exploration were extended for a further period of three years up to 1952, obviously to assist in the petroleum development program now under way in Western Canada, as well as to aid new metal-mining ventures.

Consumer Tax Changes

American business people interested in the Canadian market will find the following changes in consumer taxes and import controls of interest. Provision was made for the repeal of excise taxes on the following items, effective March 23: soft drinks; chocolate, candy and confectionery; chewing gum; cable, telegraph and telephone messages, and

on telephone extensions; transportation tickets or rights of transportation, and on seats, berths or other sleeping accommodation; motor buses; and carbonic acid gas. The retail purchase tax was repealed and replaced by an excise tax of 10 percent, payable by the manufacturer or importer, on all articles subject to the retail purchase tax. The excise taxes were reduced from 35 percent to 10 percent on: trunks, suitcases, bags and luggage of all kinds; ash trays, tobacco pipes and smokers' accessories; fountain pens, propelling pencils and desk accessories. Excise taxes were reduced from 25 percent to 10 percent on: toilet articles; devices commonly or commercially known as lighters; coin, disc, or token operated machines and vending machines.

Relax Import Controls

Further relaxations in import controls under the Emergency Exchange Conservation Act were announced, to take effect April 1, being featured by a general increase in all import quotas. The quota for fruits and vegetables has been increased from the current annual rate of 70 percent of the base year to an annual rate of 80 percent. That for textiles has been advanced from 32 per-

cent to 40 percent. Footwear, luggage, and related products have been advanced from 68 percent to 76 percent. Furniture, plumbing fixtures, cooking and heating equipment, watches and clocks, toys and sporting goods have been increased from 42 to 50 percent. Prepared foods, which were 28 percent, are now 44 percent. Except in the case of fruits and vegetables, each of these new percentages represents an increase of approximately 25 percent in the quota, after adjustment for additions to and deletions from the list of goods in each category since they were established 17 months ago. The increase for fruits and vegetables is 15 percent, an increase of 40 percent in the quota having been authorized on October 1, 1948. It is the government's intention to remove all restrictions on fresh fruits and vegetables by next July.

All import restrictions have been removed from the following items: lumber, including veneers and plywoods; paints, varnishes and lacquers; gummed paper; mirrors of glass and silvered glass; machine-made tumblers and decanters of glass; articles of glass designed to be cut or moulded; hat braids and hat bands. Two items are trans-

(CONTINUED ON PAGE 20)

Current Account of the Canadian Balance of Payments with the United States

Revised Statement for 1947 and Preliminary
Estimates for 1948

(millions of Canadian dollars)

	1947	1948
<i>Current receipts</i>		
Merchandise exports (adjusted)	1,048	1,508
Net exports of non-monetary gold	99	119
Tourist expenditures	241	270
Interest and dividends	35	37
Freight and shipping	104	132
Inheritances and immigrants' funds	18	17
All other current receipts	153	157
Total current receipts	1,711	2,240
<i>Current payments</i>		
Merchandise imports (adjusted)	1,951	1,797
Tourist expenditures	152	112
Interest and dividends	274	267
Freight and shipping	221	216
Inheritances and emigrants' funds	37	37
All other current payments	211	212
Total current payments	2,846	2,641
Current account balance	- 1,135	- 401



Thermopane ...easiest way to insulate big windows

To provide window insulation in its simplest form, leading architects specify *Thermopane** for the larger glass areas so many home builders want.

Thermopane is a sealed, double-glass unit with year-round insulation built-in. Installed in fixed or opening sash, it assures extra comfort as well as beauty, makes homes better invest-

ments and easier to sell if owners desire.

In summer, *Thermopane*-glazed rooms are cooler. In winter, they stay warmer with less fuel . . . because *Thermopane* cuts heat loss and reduces downdrafts at windows. Heating economy . . . plus extra comfort and convenience . . . make *Thermopane* practical even for modest homes.

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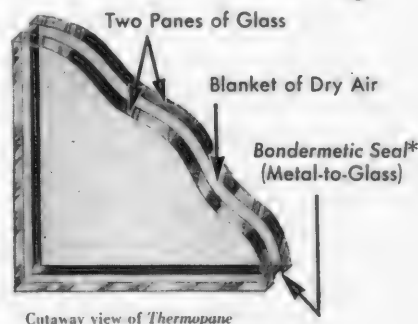


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Cutaway view of *Thermopane*

CHECKBOOKS WITH A FUTURE

Of the millions of people who have checking accounts, there are perhaps a few thousand who want to keep a detailed record covering each check issued. The remainder require the most simple type of record that will give them the essential information. For this great mass market, we introduced some years ago the single-line register to replace the conventional check stub, and since then have won acceptance from several million people who now use and like our popular Personalized Pocket Checkbook.

This past year we introduced the same type of register in *The Secretary*, a three-on-a-page checkbook for the person who keeps his book in his desk at home. Substantially the same type of register is also used with *The Executive*, a new business-sized checkbook for the executive or professional man who keeps his book in his desk at the office.

These two new checkbooks, together with our established pocket style checkbook, are, in our opinion, the checkbooks with a future. Perhaps they might even be termed the checkbooks of the future. All three books are personalized, bearing the printed name and address of the individual. All three have attractive covers, gold-stamped with the individual's name. All three employ the simple, compact, single-line register. All three please the public and save money for banks.

When you sell the Personalized Pocket Checkbook (200 checks for \$1.35), and *The Secretary* (300 checks for \$2.00), and *The Executive* (300 checks for \$2.75), you offer to your customers three checkbooks of distinction that click with the great majority of people . . . and you recover all your check expense and make things easier for the people in your operating departments.



Manufacturing Plants at:

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FOOD from CANADA

Canada is exporting to the United States food valued annually at over \$200,000,000—beef—high-grade dairy cattle to provide milk and butter—apples—fish and other American needs.

These food supplies for American households are part of the good-neighbour business between Canada and the United States.

Another, and equally important, part of this business is the North American banking service of The Canadian Bank of Commerce.

Please consult us for details on trade with Canada—the services and facilities of our 540 offices are at your disposal.

*Inquiries invited from American banks
in behalf of their own customers*

Monthly Commercial Letter on request

THE CANADIAN BANK OF COMMERCE

Head Office: Toronto

540 Branches Across Canada

NEW YORK SEATTLE PORTLAND, ORE. SAN FRANCISCO LOS ANGELES

(CONTINUED FROM PAGE 18)

ferred from the prohibited list to the quota list. These are pictorial and greeting cards, and 8 mm. and 16 mm. motion-picture projectors.

All these changes will broaden the Canadian market for domestic as well as American products and they were obviously effected for the purpose of paving the way to a new and more liberal trade agreement between the Dominion and American governments. In fact, the Minister of Finance in presenting his budget expressed the opinion that Canada would seek a further trade agreement with the United States.

Total Revenues

These were the major features at the close of the government's fiscal year ending March 31, in which total national revenues were estimated to have been over \$2,750-million and expenditures close to \$2,200-million. The surplus of \$575-million was \$100-million less than in the preceding fiscal year, but somewhat greater than had been forecast. This surplus was applied in reduction of the national debt.

The Minister of Finance estimated the current fiscal year's total revenues as \$2,478-million and expenditures about \$87-million less than all receipts, assuming a continued high level of production and trade. The estimated expenditures include those for defence of \$375-million, about half as large again as in the last fiscal year.

The budget address to the Dominion Parliament also included a statement on the United States dollar position of Canada. Total holdings of American exchange and gold were given as \$1,065-million—more than twice the amount at low point in December 1947. In this address and also in the annual report of the Foreign Exchange Control Board, total trade, financial and service transactions between Canada and the United States were quite clearly set out and from them the accompanying table has been prepared.

It will be noted that there was a deficit on Canada's side of about \$400-million for the calendar year 1948, but this was settled partly by the Dominion government's borrowings of \$150-million from American life insurance companies last autumn, new capital investments and exchange from overseas countries in Canada's debt convertible into United States dollars. Accordingly, the massive trade, financial and service transactions between the two countries aggregating over \$4¼-billion were on a cash basis, except for the \$150-million loan mentioned above.



Flail to Freedom ... in a Single Century

● When Wisconsin became a state, men and women still flailed out wheat for bread as the world had done for thousands of years. But this was America, with its new freedoms for men to prosper by invention and enterprise. Even earlier, in 1842, Jerome I. Case had started in the thrasher business on a slender shoestring—a half-dozen small machines secured on credit.

Within his lifetime Mr. Case became the world's greatest builder of threshing machines and steam engines for farm use. Within the century the firm he founded pioneered all-purpose types of tractor and combine and acquired a full line of farm implements.

In his turn, Mr. Case sold machines on credit. Freedom to borrow and to lend, along with freedom to build and to buy machines, has given America the best equipped, most productive, most prosperous farmers in all the world. Today, as for years past, Case believes that financing of farm machines is business that belongs to local banks.

See "Pageant of Progress" as thousands saw it daily for a week during the Wisconsin Centennial Exposition at Milwaukee last summer. Filmed then, this Case pageant of quaint costumes, strange skills, ancient tools and modern machines has been made into a full-color sound movie. Besides being shown by Case dealers, it is available for meetings sponsored by banks, civic clubs, educational agencies and farmer groups. Write now for reservation of future date. Address our nearest branch house. J. I. Case Co., Racine, Wis.

CASE



Case 5-foot "F-2" combine and popular-priced Model "VAC" tractor.

What Would Confucius Say?

The "Gold" Yuan Is Becoming an Astronomical Fraction

RANDALL GOULD

Mr. GOULD is editor of the Shanghai Evening Post and Mercury, Shanghai, China.

SHANGHAI.

UNDER pressures of civil war, governmental expediency and the fastest inflation rate on earth today, China has become a banker's nightmare. Money is losing an average 50 percent of its value every 10 days, which leads to interest rates fluctuating daily but averaging around 300 percent monthly, with a record high of around 600 percent last summer when a change was about to be made from the former badly-battered "Chinese national currency," or Chinese dollar, to the so-called "gold yuan," in which latter title the word "gold" was a word only, since there is no pretense of backing.

During the first World War, the Chinese dollar was briefly worth more than the American dollar. Changed over last August into the gold yuan at 3,000,000 to 1 (the yuan itself being then worth 25 U.S. cents), the rate as of mid-March of this year would have been 30 billion to an American dollar, while the yuan which replaced it was actually at black-market value of beyond GY10,000 to US\$1.

Fantastic banking and industrial difficulties were created at this period by the Chinese Government's reluctance to put into general circulation banknotes of larger than GY100 denomination, though a few GY500's were sometimes to be seen and GY1,000's were being printed but withheld from circulation on the ground that the presence of big notes speeded up the inflationary process. The problem of trying to do business in money with the equivalent of one U.S. cent as the largest denomination is something which has to be experienced to be realized.

Most Chinese labor must be paid off in cash but employers ran up against a situation where the various banks were unable to obtain from the Central Bank more than one-tenth to one-fifth of their applications. Speedily cash began to command a premium of 15 to 20 percent over checks, and most labor refused to take checks under any circumstances. Chinese factory owners sat in their banks for hours, refusing to face their workers until the banks could somehow make payroll cash available. Thus the banks were forced

the early part of this year, the Chinese Government began cautiously to sell gold bars—metallic gold, put on the market for what it could bring as a means of drawing in some of the paper note issue—and it reached a still more advanced stage when coinage of silver dollars was resumed, first without any set exchange value as against the gold yuan note and finally with a decision to place an initial value on them of 7,000 gold yuan to one silver dollar. This was the first time any Chinese note had been convertible in any medium for a decade and a half.

Meanwhile the banks have been watching a tendency to develop substitute moneys, in which they could take no position.

After last autumn's "Seventy Days" of drastic attempt at economic reform, conducted in Shanghai by a Gestapo-like economic police

force under Generalissimo Chiang Kai-shek's son Chiang Ching-kuo, relatively free financial operations were resumed. During these 70 days it had been forbidden for private persons or banks to hold metallic gold and silver or foreign currencies, all of which had had to be turned in to the Central Government in return for gold yuan notes held artificially at a 25 U.S. cent quotation through a period of officially fixed prices and wages. But on November 1 this effort collapsed, both wages and prices ran wild and the gold yuan began its spectacular drop. One reason was the fact that the historic hoardings of the middle class in Shanghai, China's greatest economic center, had been removed; gold, silver, and U.S. dollar notes had been taken from hiding-places and reluctantly turned in to the Central Bank, but, instead of putting the gold yuan note proceeds into savings accounts, the public went on a buying spree in search

(CONTINUED ON PAGE 24)



Specimen of the "gold yuan," in circulation since last August

to go into the open market and buy bank notes to accommodate their customers. In some instances checks have been discounted as much as 40 to 60 percent as against cash.

Street beggars, given notes which half a year ago had been worth US\$1.25 (for a GY5 note) or US\$2.50 (for a GY10 note), threw such paper in the gutter and would not accept anything less than GY100—last autumn worth US\$25, now worth one U.S. cent or less. Everyone in China knows money through historic experience.

It became apparent that those behind China's finances were endeavoring to turn back the clock of history in some degree, back past the change to a paper "managed currency" for China in the mid-'30s, to something approximating the silver standard on which China had been previously established. This change has been going on gradually, with the banks taking a relatively detached position. It was first apparent when, during



How to ship a house... Lustron style!



Ready to Roll! Part of one day's production is ready to go on its way to sites hundreds of miles from Columbus.

You will be seeing more and more of these big trailers—each with a "live-load" of one complete Lustron Home on its way from the Lustron factory to quick erection for a proud new owner

Never before in America—the land of volume production—has there been such a source of supply for mass production, quick delivery, speedy construction of homes.

It isn't only that Lustron offers a new building material that combines the strength of steel and the lifetime beauty of porcelain enamel...

it isn't only that Lustron Homes can be mass-produced in a factory at a full production rate of a hundred houses a day...

it is also the speed of distribution of the complete house as a unit and the speed of erection at the site that make the Lustron Home meet the needs of a variety of housing situations.

Already, two Lustron Homes have been flown to Alaska for testing under the most severe winter conditions. Others have been erected in areas of widely varying climate.

Corporations, considering locations for new plants and expansion of existing plants, have come to Lustron for homes in quantity for employees.

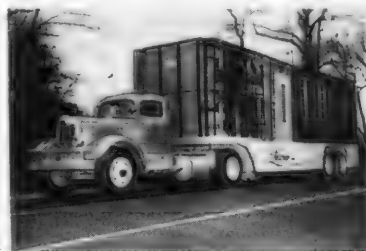
Investment and municipal planning groups see in Lustron a solution to high initial costs and high maintenance costs for rental housing developments.

Private project developers like the speedy erection and quick turnover of the Lustron Home and its acknowledged sales appeal in the mass market.

Truly, the Lustron Home is America's new standard for living.

A special department, the Lustron Fleet Sales Division, has been set up to expedite the handling of volume unit sales. Your inquiry is invited.

LUSTRON CORPORATION, Columbus 16, Ohio



On the Road! Trailer is loaded with structural units and parts on a "first-off, first-up" basis to speed erection at the house site.



Big Rooms—more than 1,000 square feet of floor area—in a house that eliminates all worries about repainting, redecorating, or reroofing—and it's built with mass-production techniques of American industrial "know-how."

Lustron Corporation, Fleet Sales Division
Box 2023H, Columbus 16, Ohio

We are interested in a project of _____ two-bedroom homes to be used for the following purpose: (number) _____

(Please write fully about your interest in the Lustron Home.)

Name _____

Organization _____

Street _____

City _____ Zone _____ State _____



REPLACEMENT RESERVES

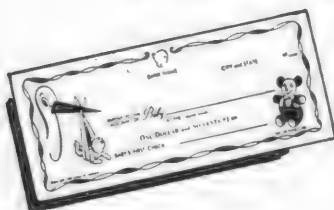
Management should know the excess of replacement cost over original cost of its plant facilities — a realistic approach to measuring "earnings after provision for replacements".

**The AMERICAN
APPRAISAL
Company**

Over Fifty Years of Service
OFFICES IN PRINCIPAL CITIES

IT'S EASY TO HAVE A BABY

**Save Money
in Your Bank!**



Send this handsomely designed "Baby Check" and a congratulatory note to parents of new babies and watch savings accounts grow! Then use our beautiful 2-color "Baby Bank Book" as an additional savings stimulator. (Samples on request.)

If yours is a big bank, the "Baby Check" and bank book will add to your prestige . . . if a smaller bank they'll help you give the leaders real competition!

Available on an exclusive basis. Write for complete details—no obligation.

Arthur N. Hamelin,
INCORPORATED

Dept. B 37 Merwin St. Springfield, Mass.



Chinese turning in their old Chinese national Currency last August for the then new gold yuan, which now has depreciated so alarmingly that still more drastic steps will have to be contemplated

(CONTINUED FROM PAGE 22)

of more substantial repositories of value than the gold yuan notes were felt to be. This situation broke the economic reform plan and precipitated the monetary landslide.

As this landslide went on, the government itself became increasingly uneasy and at last the Chinese Maritime Customs took the bold step of going, in effect, on a U.S. money basis. It announced in March that henceforth all customs duty must be paid in terms of a new "Customs Unit" which would be pegged at 40 U.S. cents. Settlement for Customs Units could be made initially only in either certificates obtained from the foreign-currency proceeds of export transactions, or in foreign currency direct; later it was pointed out that this represented too drastic an abandonment

of China's own money and so it was announced that the gold yuan could also be used, but on the basis of a daily changing rate, presumably based on the black-market rate of the American dollar.

Promptly Shanghai's public utilities gained permission to establish a "Utility Unit" for payment of electricity, telephone, gas, and water bills and for public transport, the "U.U." (or "yo-yo" as it was promptly nicknamed) to be based on the Customs Unit but working out at a value of 25 U.S. cents. Promptly a great public clamor arose over this major deviation to a foreign currency basis, and after a few days the municipal officials rescinded their order insofar as pegging to the U.S. dollar was concerned, and said that the Utilities

(CONTINUED ON PAGE 26)

Seven persons were killed and hundreds injured in Shanghai last December when crowds rushed the banks in attempts to exchange gold yuan for metallic gold



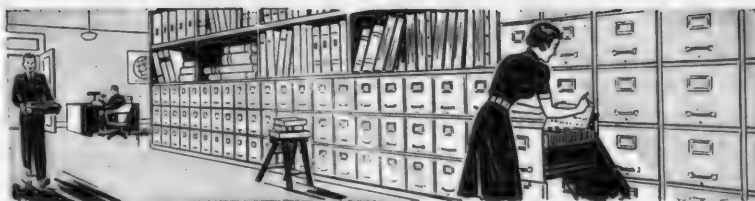
WIDE WORLD
BANKING

Mr. Banker:

THIS ADVERTISEMENT ➡

is reaching businessmen throughout the country—through the pages of *Business Week*, *Nation's Business*, *Dun's Review* and other publications.

It is also of interest to YOU: in fact, any modern form of insurance protection is of interest to trust officers and other bank executives who are concerned with the management of businesses of the bank's clients. The loss of the valuable papers and records of such clients could be an extremely serious matter were no financial reimbursement available in the form of a Valuable Papers Policy.



What would it cost to replace your essential business records?

Have you ever stopped to consider what a heavy investment in work and money has gone into your business records—the correspondence files, manufacturing and sales records and accounts, customer lists, employee and payroll records, engineering drawings, miscellaneous reports, and all the other vast accumulation of data in daily use in your operations?

Estimate the value represented and you'll have some idea of the expense you'd be put to just to restore the indispensable portions of this information, should it be lost, destroyed, or substantially damaged by fire, flood, explosion, or any other cause.

The possibility of a loss is such a serious risk, and would cost you so much money, that it should be covered by insurance. Ideal for the purpose is the Hartford Valuable Papers Insurance Policy which:

1. Covers business records and all papers* used in business activities, against loss due to fire, explosion, windstorm, theft, and any other cause (except misplacement or mysterious disappearance, wear and tear, deterioration, vermin, and acts of war).

*Currency, stamps, coupons and securities, checks, drafts, notes, or other written evidence of indebtedness or obligation are not covered by the policy.

2. Covers such property in your office, in transit to a place of greater security, and in the more secure location. Papers taken off the premises for business purposes are covered up to 10% of the total insurance carried, subject to a limit of \$5,000.

3. Guarantees that the Hartford will either replace or reproduce lost or damaged records or papers, or pay in cash up to the limits of insurance carried an amount equal to the *actual costs* of making such replacement. (Unless specifically insured for a higher amount, there is a limit of 5% of the total insurance on any one record or paper, subject to a maximum payment of \$5,000.)

Your Hartford agent or your own insurance broker will gladly furnish details of this *low-cost*, broad protection. In over 5000 communities you can secure the name and address of the nearest Hartford agent quickly by calling Western Union by number and asking for "Operator 25." Or write the company for a sample policy.

HARTFORD

HARTFORD FIRE INSURANCE COMPANY
HARTFORD ACCIDENT AND INDEMNITY COMPANY
HARTFORD LIVE STOCK INSURANCE COMPANY

Hartford 15, Connecticut

Year in and year out you'll do well with the Hartford



COLOMBIA

Presents Extensive Opportunities

Colombia, among the leading countries of South America in trade with the United States, will offer increasing opportunities in the years ahead for travel, export and import trade, and development of new or expansion of existing local industries.

Increasing numbers of forward-looking banks and business organizations in the United States are establishing correspondent relations in Latin America, notably with Colombia. Many of them are taking advantage of the exceptional and complete banking facilities provided by this 36-year-old institution.

With 25 offices in all commercially important parts of the country, trade information is quickly gathered and forwarded to you. Special departments for handling collections and letters of credit.

Inquiries cordially invited.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices—*Bancoquia*

Capital paid-up: \$8,195,000.—Pesos Colombian

Reserves: \$9,244,364.—Pesos Colombian

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Anserma (V), Armenia, Barrancabermeja, Barranquilla, BOGOTA, Bucaramanga, Cali, Cartagena, Cartago, Cucuta, Girardot, Magangué, Manizales, Montería, Neiva, Pasto, Pereira, Puerto Berrio, San Gil, San Marcos, Santa Marta, Sincelejo, Socorro, Vélez.

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

LOW COST Imprinted Checks ➔ For ALL Your Depositors

- COMMERCIAL CHECKING ACCOUNTS
- PERSONAL CHECKING ACCOUNTS
- SPECIAL CHECKING ACCOUNTS

Imprinting depositors' names on checks means faster sorting, posting and filing. You cut operating costs and increase efficiency . . . And personalized checks are a feature every depositor welcomes enthusiastically.

Let us quote on personalizing any or all of your departments. Perhaps you're plagued by prices that are out of line, or by slow or undependable delivery. Maybe your present im-

printed checks do not carry the routing symbol in the A.B.A.-approved position. Or why continue to burden yourself with big commitments for check paper and lithography? We'll handle your orders on a day-to-day basis. The costs are the lowest in the field.

Checks serially numbered—address lines—direct shipment to depositor . . . Write or wire us today, without obligation.

CheckMaster
SYSTEMS, INC.

270 MADISON AVENUE, NEW YORK 16, N. Y.

(CONTINUED FROM PAGE 24)

Unit would instead be somehow based on the municipal cost of living index.

This index is in itself almost becoming a basis for currency. Initially issued monthly, it became customary to calculate wages on it by multiplying a "basic" figure (at the outset the prewar wage in Chinese dollars) against the current index. Presently the index began to be issued twice a month, and, while pressure began to get a weekly index, various charges were placed on it, including rates of advertising in newspapers. That is, the papers no longer cited prices in gold yuan but in terms of a basic factor multiplied against the latest index. At the same time, the "unit" system began to be used for charges in clubs, apartment buildings, and other semi-private enterprises. Usually the "unit" would be worth an American dollar, but it was disguised in order to avoid conflict with Chinese law forbidding transactions or bank accounts in foreign currencies.

Clubs Have "Units"

Clubs made their own accounting offices bankers in effect, receiving deposits in gold yuan at the day's rate and thereafter keeping their members' accounts on a fixed basis. For example, an American Club member might turn in 100,000 gold yuan on a day when the rate of black-market exchange was 10,000 gold yuan to an American dollar, in which case the club would credit him with 10 "club units" on its books and he might sign "chits" at any time thereafter with knowledge that no depreciation of his account was in



"So what? I've been overdrawn before you were born!"

BANKING

progress. For the first time it was plain in the club prices just how matters stood on a U.S. dollar basis, and members repairing to the basement barber shop were pleasantly aware that in signing a slip for a haircut at .25 in terms of the club unit, they were enjoying the 25-cent haircut once quite familiar in America but of late seldom seen there outside of barber colleges. In terms of American currency, it was evident, many things in China are cheap again in contrast to the relatively low purchasing power of the U.S. dollar in the immediate postwar days when American soldiers were throwing their money around Shanghai and cheapening it thereby.

Banks Under Handicaps

Banks, however, could not open accounts in either foreign currency, Customs Units, the various forms of "club units" or even silver dollars, though silver began to be issued to them by the Government, which they might issue against gold yuan accounts in terms of the current quotation. This point was of course highly interesting because at the present time the banks occupy most of their time in dealing with the problems of current accounts, together with limited export-import transactions (including representation of customers in obtaining import permits when possible) and some dealings in loans—on a thoroughly Wild West basis because of the high and fluctuating interest rates. Formerly a principal occupation and profit for foreign banks in Shanghai was in the field of foreign exchange, but that is now emphatically out. Some of the Chinese banks have made large profits, however, by obtaining government loans at around 80 percent a month—on the assumption that they were to pass this money on to essential industrial customers—and giving it general loan circulation at around 300 percent per month.

American banks operating in Shanghai now include the National City Bank, the Chase Bank, the newly-opened branch of the Bank of America, and the local Underwriters Bank. National City and Chase had North China branches, but, as these were inundated by the Communist advance, the foreign banking business, like other forms of foreign enterprise, began to center almost exclusively in Shanghai. Chase understands that its Tientsin branch has reopened and is functioning on a limited basis, not including export-import financing; trade with the non-Communist world has been limited so far and put exclusively on a barter basis,

with Shanghai cotton being swapped for Chinwangtao coal.

There has recently been a developing tendency for banking business, like postal facilities, to extend a cautious bridge between Communist and thus far non-Red China. Peiping branches of five local leading Chinese commercial banks have completed preparations for the resumption of telegraphic remittances between North China and Shanghai, the banks involved being the Shanghai Commercial and Savings, National Industrial Bank of China, Sin Hua Trust and Savings Bank, Yien Yieh Commercial Bank and Kincheng Banking Corporation. Communist authorities have already given approval, but operations have been held up by a lack of agreed upon exchange rates between the gold yuan of Nationalist China and the "people's notes" of Communist China. Up to March 14 there have been some informal transfers at a rate of 10 gold yuan to one dollar in "people's notes."

"The only non-Chinese bank known to have continued remittances after the Communist take-over in North China is the British Hongkong and Shanghai Banking Corporation, but this ceased with the Chinese banks on March 14 when its Tientsin branch sent down a message saying that further transfers had been forbidden. It is believed that the check occurred because the Communists have not been able to hold the level of their own money, and disliked reducing its rate of exchange against Nationalist gold yuan. The general feeling is that Chinese Communist views on banks are not essentially revolutionary at the present phase, but that developments must be watched with care while the Reds develop a technique in handling city as opposed to agrarian affairs.

Red Experiment

A dispatch to the *New York Times* from Nanking, describing the Red's monetary program, says:

"A 'millet economy' and a commodity-backed currency, first tried out in the backward hinterlands, have been applied by the Communists in their new experiment with big city rule in North China. The Red's are relying on the poor man's cereal and other 'daily necessities' to back their people's bank note, cushion inevitable currency depreciation and help pay wages."

The dispatch also stated that the Reds plan to protect bank deposit values by hitching them to a rising commodity index so that the depositor's money will be worth just as much in terms of goods when he withdraws it as when he deposited it.

Strengthen Your Doubtful Risks With Lawrence Receipts

JUDGED by its prevailing risk criterion, a bank's portfolio contains many loans on open account which may well be placed on a secured basis.

Lawrence warehouse receipts, issued on the borrower's inventory, will protect the lender with fundamentally sound collateral.

New "Small Business" Department now extends Lawrence service to inventories valued as low as \$5,000.

Lawrence warehouse receipts are supported by the strongest financial statement in the field warehouse industry. Lawrence has always discharged, in full, its liability to all holders of Lawrence Warehouse receipts.

Lending institutions have profited with Lawrence field warehousing in dealing with more than 20,000 business firms, over a period of 35 years.

Booklet Gives Field Warehouse Facts



Tells how Lawrence field warehousing makes secured credit possible for accounts in your portfolio. Write for free copy, "Borrowing on Inventory."

LAWRENCE WAREHOUSE COMPANY

Nationwide Field Warehousing
DIVISION OFFICES:

SAN FRANCISCO 11, CALIF. NEW YORK 5, N. Y.
37 Drumm St. 72 Wall St.
CHICAGO 2, ILL.
100 N. La Salle St.
Los Angeles • Boston • Philadelphia • Pittsburgh
Buffalo • Cleveland • Cincinnati • Kansas City
St. Louis • Atlanta • Des Moines • Charlotte
New Orleans • Houston • Dallas • Denver • Phoenix
Portland • Seattle • Spokane • Stockton • Fresno
Washington, D. C. • Manila, P. I.

Third Study in Public Relations Series

Your Bank's Advertising—How to Make It Pay

G. EDWIN HEMING

The author is assistant manager of the Advertising Department of the American Bankers Association and coauthor of Your Bank's Advertising—How to Make It Pay.

THE third study in the American Bankers Association's Public Relations Series, "Your Bank's Advertising—How to Make It Pay," has been published and is now being distributed. This 24-page booklet contains basic principles, proved methods and practical suggestions essential to the establishment of a progressive bank's advertising policy. While it will be a valuable handbook for the person who actually creates bank advertising, it is intended primarily for the men who manage banks. With the facts at hand, management will be equipped to adopt a planned program that should produce effective results.

The booklet opens with this statement about management's attitude toward advertising: "There is one common denominator in every successful bank advertising program—and that is sincere interest and support of top management. Only those who manage banks can:

"(1) See that advertising is used, through good times and bad, as a regular bank policy.

"(2) Obtain appropriations of sufficient size to do the job required.

"(3) Have all advertising matters centralized under responsible direction.

"(4) Obtain the necessary staff follow-through on advertising statements, offers and claims."

Planning Your Advertising

The first half of the booklet offers practical suggestions for setting up objectives and working out a plan to achieve them. Through a series of step-by-step work charts you can put down in black and white the services you plan to promote, the groups you want to serve, the avenues to your public, your choice of media, the total cost, and your final program. By concentrating on the job to be done, instead of an amount to be spent, it is much easier to arrive at an adequate advertising budget figure, and far more satisfactory than to set an arbitrary amount and

then try to work out a plan to fit the budget.

Making Advertising Pay

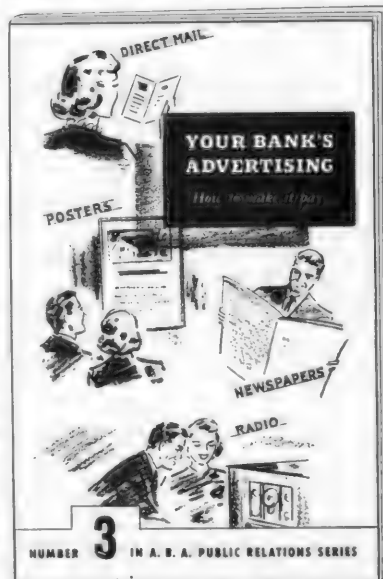
Bank advertising is an investment. If it is to be a good investment, it must pay off in new business, goodwill, or both. For this reason, the second half of the current A.B.A. study number three will be of special interest to bank management men. The effective use of the four main media—newspapers, direct mail, display and radio—is covered in detail, and other advertising media used by banks are discussed.

Newspapers

Under this heading you will find a formula for building a good advertisement, together with an "ad analyzer." You can apply this analyzer to any ad you prepare, or that is offered to you. By using it you can pretest the value of your newspaper advertisements before you publish them. Four basic principles are emphasized:

- (1) Keep everlastingly at it.
- (2) Make your advertising a true reflection of your bank.
- (3) Talk in terms of the reader's interest.
- (4) Use professional methods.

Cover page of the new advertising manual



Direct Mail

When to use direct advertising and how to make it the sales-mate and not the competitor of your other advertising is thoroughly covered, together with six important rules for getting satisfactory results. How to build a mailing list is explained and sources of obtaining the right names for your lists are mentioned. A check list of the popular forms of bank direct mail also is included. This section concludes with a long list of direct mail hints representing the experience of specialists in the direct mail field. Here are a few excerpts:

"Get full value for the postage you pay by using full weight allowance. Nearly always, you can add an advertising piece without increasing postage.

"To facilitate delivery, include zone numbers in addressing mail, if such numbers are used locally. You can have your mailing list zoned for city delivery without charge by your local postmaster.

"Rural banks can make mailings without lists, using rural boxholder method.

"Urban banks can make mailings to occupants of dwellings without using names. See your postmaster for details."

Displays

"National advertisers would pay a good price for the opportunity to reach your customers and prospects by advertising in your lobby or windows," this A.B.A. booklet points out. "Don't miss the opportunity to use this rent-free space yourself. Your only cost is for the display itself and the outlay need not be much." Seven outstanding principles of good advertising display are discussed, and sources of display material are listed.

Radio

This section in the booklet answers questions like these: What is the trend of banks in the field of radio? What types of programs are being used? How can a bank select and hold an audience? What are the program preferences of people? When is the best time to reach farmer audiences? Family units? What advantage can banks use that no national advertiser can employ? Where can transcribed programs for banks be obtained?

(CONTINUED ON PAGE 30)

EASIER ON THE EYES! EASIER TO THE TOUCH!



The new GRAY MAGIC ROYAL

At first glance, you know that here is something new and really different in typewriters.

Now, get closer. You'll see that the new gray tone, so soft and light-absorbing, banishes all glare.

Now rest your fingers on the new revolutionary keyboard! Feel how each key is shaped to the contour of the finger tips. How right! How natural! *And what comfort!*

Look over the list of new, improved features and you'll agree that *never* has there been such a typewriter as the new Gray Magic Royal. It's the newest, grandest of all office typewriters.



Brand-new look! Brand-new touch! And these grand new features!

Finger-Flow Keys—designed to cradle the finger tips, the Finger-Flow Keyboard gives greater clearance between rows of keys. And the touch that has made Royal the 2¼ to 1 favorite among typists is even lighter, faster—now, more than ever, the operator's dream touch!

Removable Cylinder—another bit of Gray Magic—another new Royal improvement. Single-handed, with the thumb and finger of the right hand, the cylinder can be removed to clean or change. A simple press and lift motion and it's out. No tool kits! No mechanics!

Clean Change Ribbon—This Royal exclusive permits swift, clean ribbon changing. The specially designed spool lets you slip the ribbon loop on without even removing the empty spool from its hub. No fuss—no

more inky fingers with this great Royal feature.

"Magic" Margin—Most magic Royal feature of all. "Magic" Margin sets the margin where it's wanted, at the flick of the finger. Just position the carriage, flick the lever and it's all set. No reaching from carriage to keyboard and back—no fumbling with margin stops.

Price Not Raised

When you check on the price of the new Gray Magic, you'll be pleasantly surprised. For in spite of all its new, advanced features, you pay no more for the Gray Magic Royal than for an ordinary typewriter.

Call a Royal representative *today!* Meet the magic of the new easy-writing Royal in your own office. See how it means happier typists . . . better, faster work.

The **NEW** GRAY MAGIC ROYAL

Made By The World's Largest Manufacturer Of Typewriters

"Magic" is a registered trade-mark of Royal Typewriter Company, Inc.

Before

GRANTING THE LOAN...

Banks often check the property insurance of applicants for loans, but strange to say, not the bonds on the employees. Yet . . .

An embezzlement can bankrupt a concern strong enough financially to survive loss from fire, wind-storm, or explosion.

Our claim files contain examples of business failures caused by the lack of any employee bonds or by bonds in too-small amounts. One employer who faced bankruptcy from an employee's embezzlement, killed himself. The newspapers carried the whole story. But usually the public never knows the real reason for such failures, though a bank carrying a loan would certainly know.

Your bank can help to keep its customers in business by suggesting, *before* the loan is made, that their employees be bonded *in amounts proportionate to the size of the business*. Our 65 years' experience in preparing employee bonding plans is offered through our nearest agent or your customer's own broker.



AMERICAN SURETY GROUP

AMERICAN SURETY COMPANY
NEW YORK CASUALTY COMPANY
SURETY FIRE INSURANCE COMPANY

"Dependable as America"

100 Broadway, New York 5, N. Y.

(CONTINUED FROM PAGE 28)

Other Media

Among the other media discussed are: Outdoor advertising, car and bus cards, calendars, novelties, school newspapers sponsored by banks, picture books and house publications.

Specialists Contribute

While this study is primarily the product of the A.B.A. Advertising Department, it also reflects the thinking and experience of many other advertising specialists. Bankers who are actively engaged in public relations work, advertising agency executives and media men, as well as bank and staff members of the A.B.A.'s Public Relations Council, reviewed the booklet in manuscript form. Many of their suggestions are included in the published version.

The next study in this series of the A.B.A. Public Relations Council will be published within the next two months. Its subject will be *Personnel Relations*. Deputy Manager William Powers, director of Customer and Personnel Relations, has completed the manuscript which is now in the hands of the A.B.A. Advertising Department for layout, art and production. Two other studies are now in the planning stage—*Customer Relations* and *Community Relations*.

How to Get Copies

By sending in your name to be added to the "on-approval" list, you will automatically receive a copy of each booklet as it comes off the press. You may keep it, or return it without charge.

Ad analyzer

HOW WOULD YOU RATE THIS AD?

Would you like to go to the head of the line?

Mail your personal check. The U. S. Postal Service will see that it gets to its destination promptly. With a checking account, you can pay bills anywhere, any time, from your home or office. So why waste time standing in line? Open a checking account here. Enjoy this convenience.

BANK OF YOURTOWN
Yourtown, U.S.A.

Does it...
 1. Get attention?
 2. Offer benefits?
 3. Prove your claims?
 4. Create desire?
 5. Ask for action?

ACROSS THE COUNTRY

... you can bank on

IRVING SERVICE



WHATEVER your needs... whenever they arise... wherever you are...
Irving Trust can serve you quickly and personally through one of
its experienced staff of representatives who cover your territory.

- | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| ① WILLIAM F. DOYLE
<i>Vice President</i>
LOUIS L. SEAMAN
<i>Assistant Vice President</i>
EDWIN M. SMITH
<i>Assistant Vice President</i> | ② WALTER E. SEIBERT
<i>Vice President</i>
C. ALBERT ROLLENHAGEN
<i>Assistant Vice President</i>
JOHN W. CREIGHTON
<i>Representative</i> | ③ SIDNEY W. COE
<i>Vice President</i>
DOUGLAS E. McNAMARA
<i>Assistant Vice President</i> |
| ④ WILLIAM FEICK
<i>Vice President</i>
H. MILLER LAWDER
<i>Assistant Vice President</i> | ⑤ JOSEPH S. MOSS, JR.
<i>Vice President</i>
GEORGE W. DIETZ
<i>Assistant Vice President</i> | ⑥ MAURICE C. THOMPSON
<i>Vice President</i>
FREDERICK W. BAKER
<i>Representative</i> |

IRVING TRUST *Company*

ONE WALL STREET : NEW YORK 15, N. Y.

Capital Funds over \$116,000,000 • Total Resources over \$1,100,000,000

WILLIAM N. ENSTROM, *Chairman of the Board*

RICHARD H. WEST, *President*

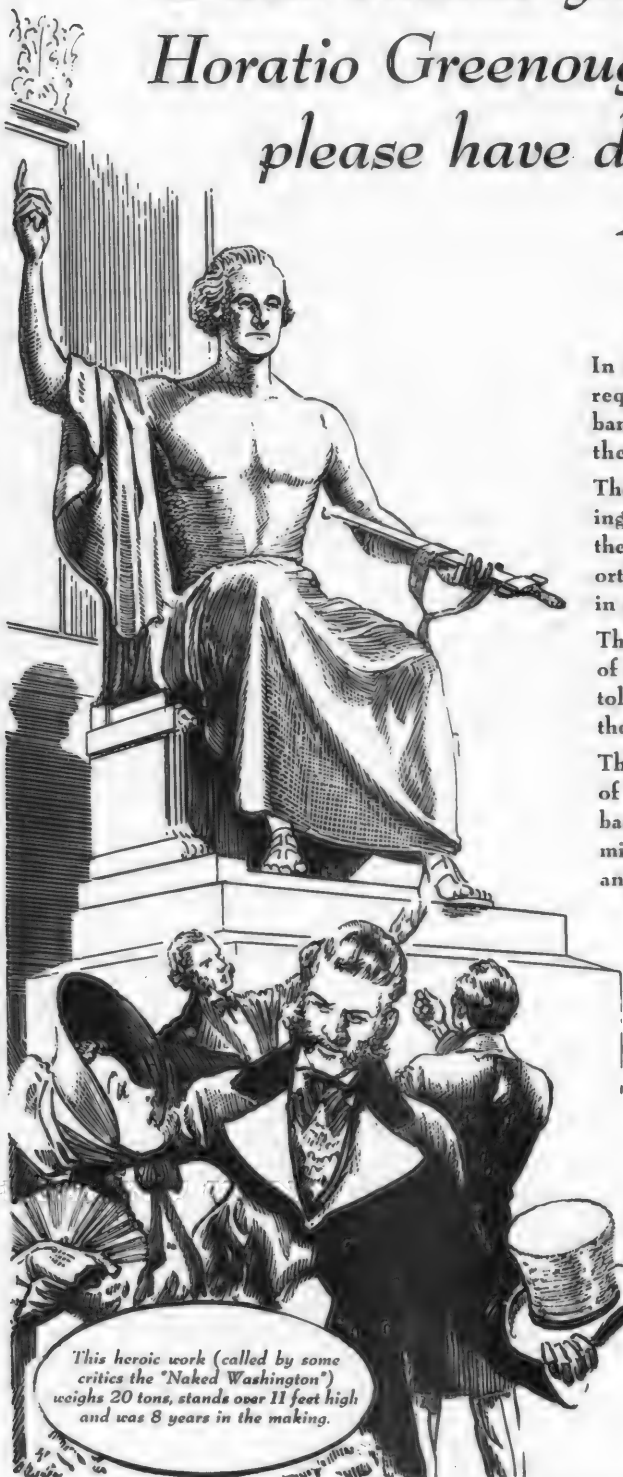
Domestic Banking Division

NOLAN HARRIGAN, *Vice President in charge*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

"I also enclose you a letter for Mr. Horatio Greenough which you will please have delivered . . ."

August Belmont



This heroic work (called by some critics the "Naked Washington") weighs 20 tons, stands over 11 feet high and was 8 years in the making.

In 1843, Corcoran & Riggs received the above request from AUGUST BELMONT, New York banker, capitalist and former branch manager for the fabulous European "House of Rothschild."

The sculptor, Greenough, was in Washington defending his massive statue of George Washington, then the center of a storm of criticism because of the unorthodox portrayal of the Father of Our Country in Roman sandals and toga.

The work was originally executed for the rotunda of the Capitol but was later moved to the East Capitol grounds and finally transferred to a corner of the Smithsonian Institution where it remains today.

Through more than a century of change . . . in works of art, in parks and public buildings . . . the RIGGS banking tradition has faithfully fulfilled its commissions to depositors and correspondents, at home and abroad.

The
RIGGS
NATIONAL
BANK

WASHINGTON, D. C. • FOUNDED 1836

RESOURCES OVER \$300,000,000

COMPLETE BANKING AND TRUST SERVICE
EIGHT CONVENIENT LOCATIONS

Member — Federal Deposit Insurance Corporation
Member — Federal Reserve System

WE ARE ESPECIALLY WELL EQUIPPED TO HANDLE THE ACCOUNTS OF BANK CORRESPONDENTS AND NATIONAL CORPORATIONS



"Around 8:20 in the morning," said one of the guards, "and usually right on the button, Secretary Snyder arrives at the Treasury"

A Day with the National Debt

THE way the public debt is managed can determine the course of inflation or deflation, the stability of the bank credit structure and the economic welfare of the nation. If a businessman guesses wrong on the direction we are moving, it hurts mainly himself. If the Treasury guesses wrong, the ill effects are felt throughout the country.

It is a solemn responsibility because there has seldom been such a wide assortment of views as to how the national debt should be managed; also whether we are in a deflationary period or whether this is simply an interlude in a long-term inflationary process.

In any case the way the Secretary of the Treasury feels about management of the national debt—and he is in the middle of it—was summarized recently in a speech he made to the Executives Club in Chicago. There he said:

"The financial soundness of the United States Government—which is today the fulcrum of world stability and world peace—is beyond question. The Treasury's major objective has been to maintain that soundness through

fiscal policies and debt-management operations designed to promote confidence in the Government's credit and in the financial stability of the country. And I believe that the steps taken toward maintaining that confidence have contributed to the maintenance of our present unparalleled economic position.

"A sound fiscal policy must, of course, be based on a revenue system that will meet the cost of prescribed Government functions and provide for reducing the Government debt. Since February 28, 1946, when the Federal debt reached the peak of \$280-billion, there has been a decline of over \$28-billion in the outstanding obligations of the Federal Government. Moreover, there has been an even greater decline—\$32-billion—in holdings of Federal securities by the banking system. This reduction in the bank-held debt has been one of the objectives of postwar debt management and has been brought about, in part, by vigorous promotion of sales of savings bonds and other securities to individuals during the postwar period. I believe that we can all take pride in the



For 14 years Miss Mary Kelly has been the Secretary's "right hand man." Here's Miss Kelly (*above*) with the morning mail and the schedule for the day, and what a schedule! Miss Kelly was with the Secretary when he was with the RFC, when he was an officer of the First National Bank in St. Louis, and when he was head of the Office of War Mobilization and Reconversion



William McChesney Martin, Jr., until recently president of the Export-Import Bank and now Assistant Secretary of the Treasury in Charge of International Finance, discusses at an early morning conference (*above*) the agenda of the National Advisory Council, meeting several days later. Mr. Martin is the Secretary's alternate on the NAC. They also talked about prospective lending spheres of the Export-Import Bank and the International Bank



Here the chief of the Treasury is making an early morning check on a note issue brought out the previous day. William T. Heffelfinger, Assistant to the Fiscal Assistant Secretary, presents figures on the Treasury cash balance

All This and the Debt, Too

The Secretary of the Treasury of the United States these days must be a lot of men. He is chief of the tax collectors and customs inspectors. He supervises the minting of our coins and the printing of our paper money and stamps. To him reports the admiral who commands the Coast Guard. The Secretary sits at the head of the table where the National Advisory Council on International Monetary and Financial Problems regularly meets; and he is top U.S. representative at such global gatherings as the annual meetings of the World Fund and Bank. Under his watchful eye are operated the Secret Service—protector of the President and nemesis of counterfeiters—the Bureau of Federal Supply, the Bureau of Narcotics, and Comptroller of the Currency and others. But the Secretary's biggest responsibility from the standpoint of the number of us affected is the management of the public debt.

fact that holdings of savings bonds by individuals are actually at a higher level today than they were at the end of the war, when it was predicted that they would be widely redeemed as soon as goods in short supply were once more available. You will be interested to know that individuals now hold over \$47½-billion of savings bonds, almost \$5-billion more than they held at the end of December 1945.

"A second major objective of Treasury fiscal policy in the interest of financial confidence has been the maintenance of stability in the Government bond market. With a national debt today of \$252-billion, the maintenance of stable conditions in the market for governmental obligations is essential.

"The Treasury bond stabilization program, carried out during the past several years in cooperation with the Federal Reserve, has restrained undue advances and undue declines in prices of Treasury bonds. It has given an important element of strength and stability to bond prices generally, and to our entire financial structure.

"If we had not taken measures to maintain confidence in the stability of the bond market—if, for example, the market for Government obligations had experienced the gyrations which followed the First World War—there would undoubtedly have been an impairment of confidence in our financial situation which would have had serious consequences, not only in this country, but throughout the world."

The Biggest Thing in the Treasury

The debt is the biggest thing around the Treasury, bigger than the budget, bigger than the gold stock. In 1917 it was a billion dollars. World War I boosted it to a peak of \$26-billion, of which some \$10-billion was paid off by 1930. But another decade saw the debt at \$42-billion, a figure lifted to nearly \$55-billion when Pearl Harbor burst into flame. The World War II peak was about \$278-billion. Today the country still shoulders a public debt of \$252-billion, on which the *annual* interest alone comes to almost \$5½-billion, 5 times the 1917 debt. The \$252-billion of IOUs staring Mr. Snyder in the face are greater than the entire national income earned by everyone in this country, including corporations, in 1948. No Secretary of the Treasury can forget this—not for a moment.

"There is compelling necessity for our debt management
(CONTINUED ON PAGE 36)

Next (right) a quick trip to the White House to be present at the swearing in of Cornelius V. Whitney as Under-Secretary of Commerce. He also had a chance to talk over with President Truman plans for the Opportunity Savings Bonds Drive starting May 16

This was followed by a meeting with Canadian Ambassador Hume Wrong, on matters relating to Canadian and American trade relations (below)



On his way from Mr. Doughton's office (front cover) to attend a luncheon with President Truman and other Senators and Congressmen, he met Representative Clarence Cannon of Missouri, Chairman of the House Appropriations Committee (above)

An administrative problem in the tax field was the subject of discussion in a conference with George J. Schoeneman, Commissioner of Internal Revenue (right)



He sat down for a few minutes with Robert V. Fleming (left), Chairman of the American Bankers Association Committee on Government Borrowing, who discussed the time and agenda for the next committee meeting in May



May 1949

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A few other visitors got in and out before the camera could catch them. But here is Murray Shields, (above) vice-president of Bank of the Manhattan Company, who dropped in to invite the Secretary to speak at a luncheon of the New York bankers in May



At least once a day the Secretary meets with other Treasury officials for general policy questions (above). Here, in addition to Mr. Snyder, are Edward H. Foley, Jr., Under-Secretary; Assistant Secretaries John S. Graham and William McChesney Martin; also Thomas J. Lynch, General Counsel



"Here's the poster that the Savings Bonds Division prepared for bank use in connection with the forthcoming drive." Assistant Secretary Graham shows the poster to the Secretary (above)

actions," says Secretary Snyder, "to be directed not only to considerations of Government finance but also to considerations of the economic well-being of the country. The day-to-day business of banking and all other financial institutions can be sharply influenced by the actions we take in the management of this debt. And any influence felt directly by financial concerns will in turn be felt indirectly by all other business groups. Individuals know their economic status is involved not only because of their savings and deposits in financial institutions which own Federal securities, but also because individual citizens directly own \$67-billion in Government obligations.

The Citizen's Personal Interest

"In view of this widespread distribution of the debt, and in view of the fact that debt policy determinations are echoed in almost innumerable social and economic directions, it seems to me that two plainly evident conclusions can be drawn. The first is that every citizen has a personal interest in those determinations and, as a corollary, has a personal incentive for seeing that all the financial affairs of the Government are handled wisely. The second is that upon the Government there rests a grave responsibility for proper debt management and for the sound conduct of all its financial affairs."

Should a maturing issue of Treasury bills be redeemed? Should the interest rate on a coming offering of long-term bonds be raised or lowered? Only the Secretary of the Treasury can make the ultimate decision. And whatever he does will be of interest to the commercial banks, which hold \$63-billion of the public debt, to the insurance companies with \$21½-billion in their "Governments" portfolios, to the mutual savings banks with \$11½-billion, and to many thousands of individuals, corporations, associations, and others who have helped finance the Federal Government's deficits.

Two or three times a year the Secretary consults, for their general views on Government financing, committees of the American Bankers Association, the Investment Bankers Association, savings banks and insurance companies. He is in frequent touch with Federal Reserve officials. His acquaintance with businessmen, bankers and others is very extensive, and the constant stream of visitors to Room 3330

(CONTINUED ON PAGE 132)



Comptroller of the Currency, Preston Delano, has a few questions relating to the examining force to talk about with the head of the Treasury

Consumer Credit Digest



Presentation of gavel at opening session of National Consumer Instalment Credit Conference. Details below

Credit Conference—Normal Business Is Good Business

This digest of the National Consumer Instalment Credit Conference was compiled by THEODORE FISCHER of BANKING's editorial staff.

IN summarizing the main points of three days of meetings of the National Consumer Instalment Credit Conference at St. Louis, William F. Kelly, chairman of the sponsoring organization, the Consumer Credit Committee of the American Bankers Association, drew four conclusions:

"1. The present outlook for consumer credit lending is good.

"2. The transition through which we are now passing from a sellers' to a buyers' market requires that we re-examine our lending policies in order to insure adequate consumer lending in our communities to meet the needs of our customers, and also to make certain that our activities are soundly carried on in the public interest.

"3. Consumer lending is a matter of dealing with people directly, and our success in our relations with people will be a direct measure of the success of our lending business.

"4. Everything we have heard in the discussions at this conference tends to confirm our belief in the wisdom of the

policies with regard to consumer instalment lending which have been expressed in resolutions adopted by the American Bankers Association. Stated briefly, these resolutions define the position of the banks of the United States that selective credit controls are unnecessary; and that in the period ahead, the rigid controls placed by the government on the use of credit are unwise."

In the audience were interested bankers from 44 states and the District of Columbia. On the platform were city

bankers and country bankers; business executives from Shell Oil, Ford, and Philco; the Comptroller of the Currency and spokesmen for the Federal Reserve Board, the Veterans Administration, and the Federal Housing Administration. There were, in some instances, sharp differences of opinion. The speakers had in common: a serious approach to consumer instalment lending; optimism for the future.

It was pointed out again and again that a return to "normal" business does not mean a return to poor business. Going from abnormal to normal times, while it may cause some pinches, doesn't necessarily entail anything like a real bust. So-called normal business has always been considered as "good times" and might well mean just that now. The business speakers recognized the return to the buyers' market—but with no trace of alarm. The buyers' market, they said, means simply a return to salesmanship. Well, business can again train salesmen.

There was plenty of meat in all the speeches. But, in order to include at least a quote from each speaker, BANKING has had to do its extracting with a firm hand. The quotes are approximately in program order.

Kenton R. Cravens (left), vice-president, Mercantile-Commerce Bank & Trust Company, St. Louis, presents gavel to William F. Kelly, chairman of A.B.A. Consumer Credit Committee and vice-president, Pennsylvania Company for Banking and Trusts. The gavel was presented to Mr. Cravens when he was the first—and only—president of the Bankers Association for Consumer Credit, which was organized in Buffalo in 1938 and later consolidated its activities with the Consumer Credit Committee of the American Bankers Association. Mr. Cravens expressed the hope that the gavel would be used at all future conferences of the Committee.

... Economic Rigor Mortis

EVANS WOOLLEN, JR., president, American Bankers Association; chairman of the board, Fletcher Trust Company, Indianapolis

Alertness and flexibility are indispensable to a sound instalment credit policy today. The Federal Government ought to do its utmost to create conditions in which flexibility can really be exercised by instalment credit lenders. Government regulation in this and almost every other field is conducive to rigidity that can prove to be economic rigor mortis.

Regulation freezes the normal adaptability of credit. It puts all borrowers, all loans, and all lenders on the same rigid platform, regardless of the merits and conditions of every individual situation. This is the fundamental reason why the American Bankers Association opposed the restoration of Regulation W. It is the reason the Association still believes the law under which the regulation is administered should be allowed to expire.

Our entire experience under the regulation has been that maximums become minimums, that administratively prescribed equities and terms become fixed equities and terms. No agency of government, no matter how great its knowledge, can wisely determine what terms are best for all borrowers, all lenders, and all economic conditions.

... Borrowing Habits

ROGER STEFFAN, vice-president, The National City Bank of New York

Have borrowing habits changed in the last decade or two? We used to run

Autos: Briggs of Ford Motor Co.



analyses of our borrowing purposes from year to year, and prewar came up with pretty much the same answers each time. After two decades, the differences in the percentages shown for the purposes for which credit is requested are not really material. Loans for medical and dental purposes continue to lead all the others.

Probably the greatest change in the use of instalment credit in recent years comes primarily in paper originating with appliance dealers. Formerly, refrigerators and radios led the field by a wide margin. Now, in New York City, based upon the number of items, percentages are currently as follows:

Television	54 percent
Radios	16 percent
Refrigerators	12 percent
Washing Machines	11 percent
Miscellaneous	7 percent

... a Reflection

Panel of Economists: Dr. WILLARD E. ATKINS and Prof. A. ANTON FRIEDRICH of New York University, and Dr. WILLIAM A. IRWIN, economist, American Bankers Association

The panel declared itself as opposed to the idea of credit controls which are based on the theory of contributing to the stability of the national economy. It declared that in periods of business recession, when unemployment increases, it becomes the duty of the community as a whole as a humanitarian measure to provide for the welfare of unfortunate individuals, and that manipulation of the economy through control of consumer credit can have little or no effect toward improving conditions.

The panel was in complete agreement

Television: Dr. Pitt of Philco



that consumer credit volume is merely a reflection of business conditions and not a contributing factor in either inflation or recession.

... Tool for Service

RICHARD W. TREFZ, chairman, A.B.A. Country Bank Operations Commission; president, Beatrice (Nebraska) State Bank

Instalment lending is to the country bank what mechanization has been to the farmer—a tool for greater service.

Consumer instalment credit can be made into one of our most effective weapons in our present-day struggle to prove to the world that free enterprise is not a catchword. It makes possible opportunities to people possessed with ability, willingness, and determination. It is one of the principal factors in translating man's ambition, vision, and dreams into reality.

... Two War Babies

Dr. HAROLD STONIER, executive manager, American Bankers Association

At the end of the war we had two war babies: one, the atomic bomb; and the second, the national debt. These war babies, if not controlled or directed with understanding and sympathetic treatment, can disrupt the whole course of civilization. The national debt is as important in the economic field as is the atomic bomb in the field of science.

As Secretary of the Treasury, John W. Snyder has by careful management maintained the stability and the validity of our national debt. In the realm of national affairs, it is the greatest ally the democratic way of life has in

Regulation W: Banker Mattison



the world today, for the wise management of this debt means success to our way of life in the future. I know you join with me in congratulating the people of St. Louis that they could give the country such men at such a time.

... Under No Illusions

R. M. EVANS, member of the Board of Governors, Federal Reserve System

Durable goods demand tends to be unstable because of changing employment and credit conditions or because of the psychological whims of buyers. This instability of durable goods demand transmits itself into general instability. We can accept as a virtual truism that the richer a nation is in its stock of durable goods the more unstable its economy is likely to be.

The Reserve Board is under no illusions as to the potency of Regulation W in contributing to economic stability. By itself it is not and cannot be a panacea, a guaranty of economic stability. For that matter, it does not have sufficient impact either to prevent a boom or to prevent a bust. But it is unquestionably a useful tool, supplementary to reserve requirements and other available instruments, to influence

(CONTINUED ON PAGE 120)

By Persuasion—Not Compulsion

THE banker today is a vital part of our economic system. He controls the nerve centers of that system, and the manner in which he adjusts his policies to the economic need of a delicately balanced society is just as vital as the judgment which he uses as between a good and a bad loan.

If men are to stay free, they must reach up and grasp the significance of this larger view. That is why the American Bankers Association is so important. Both the Association itself and these meetings, which are its instruments, bring our minds together and tend to generate policies which comprehend not only the welfare of the individual bank viewed alone, but the welfare of that bank which grows out of the welfare of the whole banking system.

The important point is that this should not be accomplished by compulsion but by discussion and persuasion among free men. Government can do much toward keeping this intricate and involved economic machine of ours running without too great dislocation, but by far the greater part must be done by business leaders themselves.

To leave all such policy to government means that government will have unwieldy power. Gradually, management will be relinquished to political authority. The economy will lose its drive and vitality, and the individual his initiative and dignity. Men will become merely directed servants. They will walk in darkness. This must not happen; and this is the cause I leave with you.

—PRESTON DELANO
Comptroller of the Currency

Bankers rush to platform to congratulate General Doolittle on his speech—and request his autograph





The author, right, serves on the panel of economists at the A.B.A. National Consumer Instalment Credit Conference in St. Louis with Dr. Willard Atkins, left, of New York University, and the moderator, Dr. William A. Irwin, A.B.A. economist

Instalment Credit an Achievement of American Capitalism

A. ANTON FRIEDRICH

The author, a regular contributor to BANKING, is professor of economics at New York University and a member of The Graduate School of Banking faculty. He is coauthor of several books on economics and contributor on economic subjects to the Encyclopedia of Social Sciences.

IN VIEW of the fact that the substance of the many informative addresses which made up the program of the St. Louis conference on consumer and instalment credit is reported elsewhere in this issue, I shall limit this article to some general reactions and impressions which were stimulated by three days' attendance at the conference.

(1) The large and representative attendance of bankers at the conference was a tangible expression of the importance of consumer credit as a major credit institution in the American economy and as a growing activity for American banking.

There are instances of abuses now as in earlier years. There are instances of shoddy goods sold at exorbitant prices on "easy payment" plans. But these instances of abuse are not the rule and they do not measure the merit and importance of instalment credit. Instalment credit today is accorded equal rank with the techniques of mass production and mass distribution as a major factor contributing to the realization of a high standard of living. The fruits of instalment credit, it is now recognized, are not a people enslaved in debt bondage; but, instead, a wide popular participation in the benefits of mass production. It was precisely to the extent that soundly conceived and efficiently administered instalment lending made credit available which made it possible for the millions of wage and salary earners to obtain refrigerators, radios, vacuum cleaners, automobiles, and the numerous other appurtenances of a standard of living which are the envy and aspiration of people everywhere else in the world.

The growth of the productive powers of modern technology would have lagged considerably if some credit device such as instalment credit had not been available to draw into the market many millions of consumers. In broadening and deepening the market, instalment credit has made its contribution to the industrial development of the United States.

"Up to Our Necks in People"

(2) "We workers in the field of bank consumer credit are up to our necks in people" was the opening statement of one of the papers delivered at the conference. It is this fact which defines its operational problems and difficulties; it is also this fact which measures its social significance. Instalment credit is credit for the millions and not for a small minority of well-to-do. It is credit for people of small and moderate means. It is credit on a primary human level of personal interests, the aspirations and hopes of the many striving for a higher material standard of living.

I am quite certain that if instalment credit on the scale it is used in the United States today were the achievement of a government agency or of one of the new socialist states, it would be hailed as a great accomplishment of profound social significance. "White Papers" would be issued, books would be written, orators would expound, interviews with new owners of a "peoples' car" financed by "peoples' credit" would be broadcast; all expanding on the remarkable development of a new and revolutionary field of social credit.

In the United States, the growth of this system of "peoples' credit" has had very little general public recognition. It is doubtful whether any but a few have even a slight appreciation of the extent to which American bankers have acquired the arts and techniques of making small loans in large volume at rates so low as to have been regarded a few years back as wholly visionary and Utopian. And it cannot be emphasized too strongly in the era of warring ideologies

that this system of low-cost popular credit has been the product of private enterprise seeking profits.

"... of Accumulating Experience"

(3) This development of a system of "peoples' credit" did not arise as a spontaneous outgrowth of good intentions. It was the product of effort, of accumulating experience, and of imagination. It required the checking, the testing, and the improvement of organizational and operational techniques. Methods of interviewing and of evaluating credit risks had to be developed. Numerous paper forms recording the granting of credits, the numerous repayments each loan required, and the final liquidation of the debt were necessary. Ways of handling delinquencies and defaults which would be effective and yet would not arouse an undue amount of ill will were less agreeable but necessary tasks. Norms of employee performance, credit policies with reference to different classes of borrowers and different types of loans needed to be defined and clarified. In addition, the operators of bank consumer credit departments had to acquire the art of prophecy, to decide when credits should be tightened, when easing is called for, to stake their judgment on a forecast of coming economic changes.

"Accommodation of Procedures"

The techniques of instalment lending are not a frozen and stereotyped ritual. They are a growing, developing, experimental process. The methods today differ radically in many respects from those of yesterday. Not all bank lenders follow the same line of thought nor pursue the same methods. There is an accommodation of procedures to the size of the bank and the character of the community. On some issues there is also a difference of concept and of opinion as to what ought to be done. This adds interest to the exchange of views and experiences. It stimulates analysis and criticism and keeps alive an interest in innovations and improvements.

(4) My last observation is that, by and large, consumers are good borrowers. Of course there are among them the financially irresponsible and the dead beats. But so there are among other classes of borrowers. By and large, consumers do not want to be in debt for more than they can carry and for longer than they can help. It is interesting to note

the report of one of the largest bank instalment credit lenders in the United States that although its instalment loan maturities run 12 months or more, repayments average each month approximately one-tenth of their total outstandings.

Sample studies seem to indicate that the loss ratio on consumer loans is at the extremely low figure of $\frac{1}{2}$ of 1 percent. It is important to note also that this low loss ratio is the experience of a large bank in a large metropolitan center where the relations between the bank and the borrowers are necessarily highly impersonal; and further that it is the over-all loss ratio for a period of 18 years including two depressions of considerable magnitude. This record will compare favorably with the record of business loans and is far better than that of many governments.

"Intelligent Designing"

In part this record is a result of the financial integrity of consumer borrowers but some credit is due also to the operations of an instalment loan. When repayments are part of a clearly understood agreement and are regular and frequent, they tend to become a habit. It is easier for most of us to repay a debt in regular monthly instalments than it is to save as systematically for a year more for payment in a lump sum. Also when financial difficulties arise, they are quickly realized both by the lender and the debtor, thus making it possible to adjust loan terms in time often to prevent what would otherwise lead to certain default. Then there must be added the fact that intelligent designing of the loan to meet the needs and financial abilities of the borrower, together with efficiently conducted collection efforts, will keep loss ratios low.

In conclusion I should like to underscore the statement of the conference chairman that the "present outlook for consumer credit lending is good." To be sure we face a period in which things will be not quite so favorable and sure as they have been since the war's end. But only the timid will have any doubts that bank lenders of instalment credit will meet such difficulties as may arise with the same skill and imagination they have shown in contributing to the growth of instalment credit, not only as a major bank activity but also as a significant achievement of American capitalism.

General view of the opening session of the National Consumer and Instalment Conference





During the program at Eugene, Oregon

Recent Developments in Bank-Conducted Discussions of Trust Services and Estate Planning

EARL S. MACNEILL

The writer, a vice-president of the Irving Trust Company, who has been contributing a monthly article on legal and related aspects of estate planning, here reports on that very interesting application of estate planning to the public-at-large which has come to be known as the "trust forum." Having himself participated in a number of such forums, Mr. MACNEILL is particularly well qualified, we feel, to comment on this latest development in the forum idea, which comes to us from the West Coast.

THE "trust forum" is relatively new in the sense we speak of it here: that is, a meeting of bank customers and trust prospects, held on the bank premises when facilities permit, and addressed by officers of the bank's trust department, or visitors with "names," on taxation and related themes that come under the general head of estate planning.

Considerable interest in this device for public education as a preliminary to selling was stirred by the report of G. H. Stebbins, vice-president of the Simsbury Bank and Trust Company, of Simsbury, Connecticut, given at the Mid-Winter Trust Conference in February 1946, on the "School for Trust Customers" conducted by his institution during the fall of the preceding year. This was a series of four meetings, held in the town hall under the bank's auspices. Speakers included the bank's officers, a local lawyer, and the local probate judge.

Topics progressed one into the next, not unlike a school's curriculum. The results were impressive. At a cost of 40 cents per hour per person, the principal citizens of the community were persuaded to listen attentively to many more—and more specific and emphatic—words on the theme of trust service than any booklet of equal cost could spread with equal persuasiveness before their eyes.

Many trust men were interested, and experimented vari-

ously with the forum idea. Most consistent in his follow-through has been Clarence E. Sample, trust officer of the Mercantile National Bank in Dallas, Texas. At the Mid-Winter Trust Conference in February 1947, he reported on his first series of four forums, and he has conducted a similar series each year since. Fortunate to have an auditorium within the bank capable of seating over 200 people, Mr. Sample invited speakers of prominence from far and wide to address audiences that came from nearly as far, Texas being what it is. Each series of four meetings was a planned unit in which the theme of trust service was progressively developed. A large proportion of each year's audience attended all four of the meetings. Costs were higher—running to 75 cents per hour; but the average wealth represented was considerably greater.

The idea took hold. Many institutions, considering a series of four too much of a strain either upon their own resources of time and talent or upon the patience of their listeners, conceived the idea of a one-meeting forum—a kind of a community get-together—with refreshments before and talk afterward. At the annual conference of the trust division of the New York State Bankers Association, held in October 1947, the writer reviewed the history of trust forums down to that time, including some in which he had taken a part; a synopsis of this talk in *Trusts and Estates*, December 1947, compiled data as to methods, costs and results which demonstrated the economy of the forum method of trust advertising.

Meetings in both patterns have continued, such as the Dallas-type series conducted by B. W. Barnard, vice-president and trust officer of the American Trust Company, Charlotte, North Carolina, in the spring of 1948; and the single-meeting forum held by the San Diego Trust and Savings Bank in San Diego, California, in February of the same year.

Typical of all of the meetings, however (excluding Simsbury) has been the feeling that the local institution somehow needed the bolstering of out-of-town prestige. Perhaps Joe Doaks, the trust officer, seemed too much of an "old shoe"—comfortable and familiar, but not one to speak with the voice of angels. Yet the fallacy of such institutional modesty might very well be that in the end it was this same Joe Doaks with whom customers and beneficiaries would have to work and live.

Now Oregon has blazed a new trail back to old principles. The United States National Bank is not, of course, a strictly "local" institution. Besides its home office in Portland, it has branches in many Oregon cities. For months, under the leadership of Robert M. Alton, its vice-president and trust officer (and past president of the Trust Division of the American Bankers Association) it prepared, with great care, a series of meetings to be held at its principal branches, culminating in a meeting in Portland to which the speakers would bring the experience gained in their earlier rounds. The speakers include no importations; they are "Bob" Alton and his associate officers.

The first meeting was held at Salem, Oregon, on March 4; the next at Eugene on March 25; then came Medford on April 8. Klamath will welcome the "flying squadron" on May 20, and Pendleton some time in June. Then a summer lull, after which Portland will have its program at a presently unspecified date in October. Other branches will be covered during the fall months—all but the very small ones. The Salem and Eugene meetings have been documented for our benefit, and photographs were taken, some of which are reproduced here. They testify, better than words can, to the attentiveness of the people, to their character, to the quality of goodwill that the affair must have engendered in the community. While not many trust institutions have the opportunity to apply the forum idea on a statewide basis, many

(CONTINUED ON PAGE 138)

Reading from top to bottom: the Eugene meeting, with Bob Alton speaking; refreshment time at the Salem meeting; and (below) a view of the audience during the Salem program



"I'll Switch You Right Over . . ."

Drawings by DICK ERICSON



"Hello . . . this the bank? . . . it's important that I arrange for a loan this afternoon—what time do you close? This is Mr. Tedly, a depositor."



"Deposits, Robinson speaking. . . . Yes, Mr. Tedly, we're open, bring in your deposit. . . . Don't want to make a deposit? . . . I'll switch you right over to . . . No trouble at all. . . . Operator, operator . . ."



"Withdrawals, Mr. Hall talking. . . . Oh, hello, Mr. Tedly. . . . Don't want to make a withdrawal? Well, that's good. . . . Beg pardon? . . . Range? . . . Loan? . . . Oh, OH, yes, of course, sir, will you hold on, sir?"



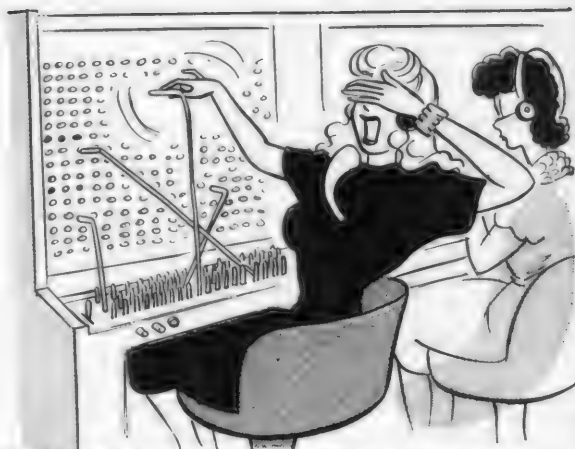
"Hello there, Mr. Tedly. This is Gibbons, in Consumer Credit. . . . Understand you want to borrow some money on a range? . . . You what? . . . Please, Mr. Tedly. . . . I see, I see, time! . . . Yes, yes, of course. . . . Now you stay right there, and I'll straighten this out quick. . . . Operator, put this call on Mr. Terry's wire. . . ."



"Time loans, Terry speaking. . . . Yes, that's right, loans. . . . What's that—afternoon? Yes, sir, we can lend you money for an afterno— . . . What's that? Oh, come in, you say? . . . What is it you wish to close, sir? . . . That's a good idea, please do start over. . . . Now I get it, of course, sir, one moment please, sir, I'll give you the right wire. . . . Operator . . ."



"Hello, Teddy the office boy speaking. . . . Well, if you didn't want to talk to me, sir, may I ask why you called my phone? . . . But you *did* call my phone, sir, I definitely heard it ring and I know I'm talking to somebody and I'm almost certain it's you, sir. . . . Connect you with a vice-president, sir? . . . Yes, sir, right away."



"I'll have a vice-president for you in a moment, sir. . . . Go ahead, please. . . ."



"Kohout speaking. . . . Well, Tedly old man, good to hear your voice, yes sir. Was thinking about you only yesterday, by George! What can I do for you? . . . Run around, you say? . . . All over the place? . . . Well now, Tedly, don't like to tell a man his business but a chap your age should take it a little easy, gadding about's all right for the younger fellows but— . . . What's that? . . . Robinson in Deposits? . . . I should tell him wh— listen, suppose I let you talk to him yourself, fine fellow, Robinson—operator, put Mr. Tedly on Robinson's wire. Come see us soon, Tedly. . . ."



"Deposits, Robinson speaking. . . . Mr. Tedly? Oh yes, of course, talked to you earlier this afternoon. Get your withdrawal O.K.? . . . Ooooh, such language, Mr. Tedly! Bite your tongue, Mr. Tedly? . . . Really, sir, there's no need for . . . I'm only trying. . . . Yes, sir. . . . Operator, give this call to the Loan Department. . . ."



"I'm trying to get someone in the Loan Department, sir. . . . I guess they've all gone by now, sir, it's quite a bit after hours, you know. May I suggest you call back in the mor— ouch! The manners of some people!"



The last Army Day parade in Washington. (The Marines also took part.) Hereafter there will be an Armed Services Day

A Significant Six Months

LAWRENCE STAFFORD

IN the six months which have elapsed since last November's national election, there has developed a semi-revolution in the Washington outlook.

Last November the talk was all of social reform and anti-inflation legislation, which the President promised to have enacted. Then there was a real threat that the main anti-inflation drive would converge on the nation's banks.

Now that threat has largely dissipated.

Last November the President, "coming up from behind," looked politically invincible, together with the preponderant majorities of his party following in Congress.

Now the President has suffered a considerable diminution of his control over Congress. Of course, relative to what the 80th Congress might have enacted, the progress of governmentalism and welfare proposals in the 81st Congress will be marked. Nevertheless, the final outcome in legislation, at least so far as 1949 is concerned, will look pale beside the output expected when the President was politically "riding high" and so much was promised.

There is a chance that Congress this year may make it possible for national banks, should they choose to do so, to convert to state charters without going through the penalty of liquidation. This new possibility will act as a check upon some Federal monetary managers.

Last November there was still felt to be a danger of inflation. Now most Government observers depreciate that danger.

On the other hand, unless this month's business performance should move them to a contrary opinion, the Government's policy makers have no great apprehension of a serious downturn in business. They look for a "healthy readjustment."

Significance of this belief is that it avoids an immediate outlook for Government action, which is completely opposite from the inflation picture of last year. Government officials, by and large, are not planning purposefully how to meet the depression. To be sure, the Council of Economic Advisers is, and constantly has been, studying means of combatting a depression. That is its regular assignment—to study ways to

counter both inflation and deflation. The Council's staff is an economic general staff, and its anti-deflation planning is analogous to an army staff's planning how to meet all possible invasions.

In particular there is no big "reserve shelf" of public works. Unless the nation's business worsens very rapidly, there is little prospect that the Administration will come to Congress in the next few months with proposals for spending.

Bank Conversion Bill Has a Chance

There is probably no great objection in Congress to the passage of the national bank charter conversion bill. Under the existing law, a national bank must go through liquidation before merging with a state bank. The liquidation involves tax liabilities.

This bill originally was slated for consideration a few weeks ago before the House Banking and Currency Committee. Consideration was delayed, initially, at the request of the Federal Reserve Board. The Board was very frankly worried that enactment of this

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bill might jeopardize the Reserve System's strength. This would come about as a result of withdrawal from the System of national banks to take state charters so as to be relieved of higher reserve requirements than are applicable to banks in several states, the Board explained.

The Board wished to have this matter delayed until legislation proposed by the Board and backed by the White House could be considered, which would subject Federal Deposit Insurance Corporation member banks to the same requirements for additional reserves as Federal Reserve member banks.

Congress was disposed, it is indicated, to kick over the idea of subjecting state non-member banks to any Reserve System requirements. At the same time, Congress looks favorably, it is believed, on the charter conversion bill, but there is always a question whether there will be time for its passage this year.

Reserve Boost Plan Dead

For the first time since the President, in his annual message at the opening of the new Congress, specially backed this proposition, it is possible to estimate that the chances against the big reserve boost scheme are much greater than the chances for its enactment.

This is the proposal empowering the Federal Reserve Board to call into being 10 percentage points of additional reserves (over those in existence before September 1948) on demand deposits and 4 percentage points on time deposits.

What effectually has cut the ground out from under this proposition has been the passing of the postwar inflationary era. The Reserve Board's position is expected shortly to be made known on this proposition, either in conferences between Board officials and members of the banking committees, or in open hearings, if called.

1948 Reserve Boost May Be Extended

On the other hand, there would seem to be a fair chance that the law passed last summer by Congress, temporarily authorizing higher reserves, might be extended beyond its expiration June 30. Under this law the Board could call into being 4 points of additional reserves on demand deposits and 1½ points on time deposits. In September the Board actually required \$2 per hundred more of reserves on demand deposits and \$1.50 of additional reserves on time deposits.

The Congressmen, who as members of the banking committees will have to pass on this extension of reserve requirements in the first instance, have not got around to thinking much about it. On the other hand, the Reserve Board may be able to make a case with Congress for its need.

Instalment Loan Extension Doubtful

It is believed here that the proposal to continue beyond the end of next month the law empowering the Federal Reserve Board to restrict and regulate instalment loans, has a less favorable chance.

At the beginning of March the Board extended maturities allowable on instalment loans to 21 months from 15 and 18 months, and reduced the required downpayment on everything except automobiles from 20 percent to 15 percent.

In the main, the Reserve Board found, instalment credit lenders were hesitant to take full advantage of the easier terms. They were somewhat inclined to require the lower down payment but reluctant to stretch out the repayment term. There was also little indication that the easier terms gave any great stimulus to sales of such items as are often sold on time.

This proposition is scheduled to be decided one way or another in the next several weeks, for the consumer loan regulation power also expires at the end of next month.

Taxes or No Taxes Is Next Issue

One of the biggest issues shortly to come to the fore is the question of whether Congress will find it necessary to boost tax rates.

On the one hand, there is little indication that the Congress will be able to economize on appropriations. On the other hand, it may be doubted that the prospects ahead will endure for constantly rising revenues. The abatement of the inflation with the '48 tax cut has incidentally ended the tendency of Treasury receipts to rise.

What Congress is about to decide is whether the prospective volume of business is high enough to indicate a volume of revenue sufficient to cover not only the budget expenditures forecast by President Truman, but the additional strain of an arms aid program.

If Congress leans to the view that additional tax burdens cannot be avoided, it may take one of three courses. One course would be simply to raise the corporation income tax by an unspecified percentage to gather the additional

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The historic signing of the North Atlantic Pact by Secretary of State Dean Acheson. Standing nearby are President Truman and Vice-President Barkley, and in the background are representatives of the other signatory countries



WIDE WORLD

METHODS *and* IDEAS

This department is edited by JOHN L. COOLEY OF BANKING'S staff.

A Simple New Business Method

WHEN a new family comes to Chappaqua, New York, one of the first persons it meets is Clifford V. Fisher, vice-president and cashier of the CHAPPAQUA NATIONAL BANK.

Mr. Fisher makes it a point to call at each arrival's home. Paying his visits on Saturdays, when the bank isn't open, he has a friendly glad-to-have-you-with-us chat with Mr. or Mrs. (frequently both) and then puts in a word for the bank. It's a simple new business method that works.

Mr. Fisher is himself a comparatively new resident of this northern Westchester County community whose 4,000 residents are spread over many square miles of hills and dales. He joined the bank's staff about a year ago and took the assignment of getting business.

"Realizing," he told **BANKING**, "how the Fishers had welcomed the calls of friendly neighbors, I decided to visit as many newcomers as possible. Many people help me find them. For instance, each week I ask our real estate agents about sales and get the dates the new people are moving in. The local clergymen cooperate too; in fact, we exchange lists. I have also arranged with local merchants to clear their accounts through our bank; in this way they receive a credit report and we add to our list of names."

These and other contacts give Mr. Fisher six or more new families to call on each time he makes a visit.

"I have found," he says, "that Saturday, between 11 A.M. and 3 P.M., is the best time to call. Most of our folks work in New York City and have that day off. I always get a friendly reception. I try to answer all local questions the new villagers ask—for example, 'Whom do I see about my assessment?', 'Do you know of a baby sitter?', 'What churches do you have here?'"

"Near the end of the call I explain the services our bank offers and extend

a cordial invitation to visit us. I find it helpful to leave my card and some literature about the bank. Many folks are interested in safe deposit boxes, for they have just moved and are quite conscious of deeds and similar papers."

It's difficult, Mr. Fisher reports, to appraise the value of these calls in terms of business.

"Perhaps many people would open accounts anyway. But if my little system hasn't done anything else, it has enlarged my knowledge of our community and my acquaintance with the real, genuine folks who are moving here. It's a satisfaction to greet them when they drop in at the bank and talk about their gardens, their new homes, and that superb view from the picture window I admired during my call.

"And it's also a satisfaction to note that since a year ago our bank's total figures are up about \$400,000."

In Old Virginny

STATE-PLANTERS BANK AND TRUST COMPANY of Richmond, Virginia,

opened a branch recently with ceremony and atmosphere appropriate to the building's early American design.

On the afternoon of the "at home" and preview, two young women, dressed in colonial costumes, drove in an ancient carriage to city hall where they invited Richmond's mayor and city manager to the festivities. At the bank the messengers were met by a half dozen colonial dames and by President Harry H. Augustine and Vice-president Stuart W. Phillips. One of the ladies presented the key to Mr. Augustine who handed it to Mr. Phillips, the branch's manager.

Then the guests, who included business men of the area, were escorted through the building for demonstrations of the new mechanical equipment, drive-in facility, and other modern features. The branch includes a women's lounge and a recreation room. There is also a large parking area.

The opening was preceded by an extensive promotion campaign that included newspaper ads, statement stuffers, invitations to the opening and a



State Planters President H. H. Augustine receives from a colonial miss the key to the new branch. With him on the threshold are Stuart W. Phillips, vice-president, and Charles E. Moore, Jr., assistant cashier, who are manager and assistant manager, respectively, of the office





Boat show in the lobby of the First National Bank of New Rochelle, New York, attracted many visitors

window display in a chamber of commerce office showing architect's drawings of the branch. Dignitaries attending the opening were interviewed over the radio and part of the proceedings was televised.

Hard Alee!

The FIRST NATIONAL BANK OF NEW ROCHELLE, New York, scored a hit with a week-long boat show, held in the lobby as a means of stimulating interest in boating on Long Island Sound.

Bunting, burgees, yacht club ensigns, flags, sail canvas, and a ship's bridge constructed over the main entrance provided a nautical setting for the display of small craft on the banking floor. The exhibits ranged in size from a five-foot dinghy to a 17-foot sail boat. Outboard motors, a kit for building a boat at home, and a panel of fishing tackle helped carry out the motif.

During the show, which was in charge of Assistant Cashier William Rainsford, the bank remained open evenings. One of them was designated "Yacht Club Night."

Dear Customer:

Two unusual letters are helping the FIRST NATIONAL BANK OF ARIZONA maintain friendly relations with its instalment loan customers.

Both letters reproduce a legible script, interspersed with little drawings in the manner of a rebus. One (see illustration) is sent to customers who have promptly paid up their instalments. It is mailed when the last payment is made.

The other is sent to customers who

have good payment records but who, for some reason or other, did not receive the acknowledgement note. Similar in format, it reads as follows:

"Dear Customer: Sometimes we forget! Like in your case! Here we go through our files and all of a sudden we see your account. What makes it of special interest is you never missed a payment and you're all paid up! Congratulations on your fine credit record! Use it next time you wish financing on a car or a refrigerator or in case of medical necessity. Sincerely . . ."

Each letter is signed by the department manager at the bank's offices in Phoenix, Tempe, Yuma, and Somerton.

Here is one of the letters sent by the First National Bank of Arizona to customers who have prompt payment records. Each note is on the letterhead of the instalment credit department

"Here's Where You'll Find Them"

A promotion piece distributed by the BRIDGEPORT (Connecticut)-CITY TRUST COMPANY in the interests of a new branch (formerly the North End Bank and Trust Company) was geared to the customers' viewpoint. It answered the question, "What's in it for us?"






The first point in the reply was "Neighborliness," and the folder introduced, with pictures and brief captions, the 17 men and women who work in the branch. Beneath the photo gallery was a floor plan, marked out in departments. With the aid of numbers keyed to the photographs the reader could quickly see each staff member's place in the bank—"here's where you'll find them," as the copy put it.

The second point, "Everything in banking under one roof," told briefly, in pictures and text, the story of the services available at the branch. "Convenience" was covered by a map placing the BRIDGEPORT-CITY's offices, and pointing out that the new branch was linked with "city-wide banking, trust, and safe deposit service." The fourth point, "Greater resources at your service," was illustrated by a condensed condition statement.

Opening a new building for its East Side branch, the BRIDGEPORT-CITY followed a program that had been suggested by the employees who were polled for their suggestions as to the features that would appeal to the customers. Visitors on opening day regis-

(CONTINUED ON PAGE 110)

Dear Customer;

Hurray!  You gave us that last payment today on your account!  We congratulate you on your fine credit record  and we sincerely hope next time you think about financing  you'll stop by and use your fine credit standing with us! We'll be glad to see you 

Sincerely,

Dollars at Work



New Haven high school seniors boarding a bus for a bank-sponsored tour of an industrial plant

The Second National Bank of New Haven, Connecticut, is sponsoring a series of industrial tours by high school seniors as a means of demonstrating how well the American private enterprise system works. Several members of the Yale University faculty are cooperating in the project, the scope of which is soon to be broadened. This article about the tours is based on information provided by WALTER H. KOEHN, JR., a public relations consultant, and DR. HANS R. FADUM who is on the staff of Yale's Department of Economics.

ABOUT a year ago the Manufacturers Association of New Haven County, Connecticut, retained the Psychological Corporation to make an opinion survey in its area. The results shocked Louis L. Hemingway, president of the Second National Bank of New Haven. He realized that the bank could prosper only if the area prospered, and that this would not be the case if local opinion of industry remained at the level indicated by the survey. He called a special meeting of the board of directors to discuss the problem. As a result, a committee of directors consisting of President Charles Seymour of Yale, Charles Oppe, treasurer of the G. & O. Manufacturing Company, George G. Copeland, secretary and treasurer of The Southern New England Telephone Company, Mr. Hemingway, and Frederic E. Hudson, executive vice-president of the bank, was appointed to work with Messrs. Koehn and Fadum to find a means of alleviating and eventually correcting the situation.

Advertising, publicity, and other public relations tools were discussed, but it was decided that they would not do the job fast enough. So plant tours were decided upon—tours more comprehensive than any attempted heretofore, aimed at informing a group whose opinions, while not yet fully formed, would, when crystallized, be felt immediately in the community.

The superintendent of schools was consulted and recommended that the 300 seniors of the Commercial High School be the pilot group. These boys and girls are largely the sons and daughters of workers and within a year most of them will become workers themselves in the New Haven area. Their families are composed mostly of first and second generation Americans. Foreign-born Americans as a group are inclined to entertain more misconceptions and to feel strongly their lack of education; they are also much impressed by and proud of the education their children are receiving.

Here was an opportunity to teach two groups by teaching one. The principal of the school was so enthusiastic that he made the program a regular part of the curriculum. The directors' committee, with Professor E. Wight Bakke, director of the Labor Management Center of the Yale Institute of Human Relations, and Professor Kent Healy of the Yale Department of Economics, helped plan the project.

Each tour was divided into three parts. During the preparation frequent use was made of the confidential publication "Plant Tours on a New Pattern," a study made over a two-year period with the cooperation of 14 major corporations by the Opinion Research Corporation. Part one consisted of a short company history of from three to five mimeographed pages which was made a part of the students' class work the day preceding each tour. Part two was the trip through the plant, which was largely an explanation of the processes of manufacture and the equipment used. Financial facts were pushed home, however, by large signs prominently displayed throughout the plants on important pieces of equipment. Each carried the theme of the tours as its main heading "Dollars at Work," and at the bottom "Average Investment Per Employee in this Plant \$——." Here is the text of a typical sign at The United Illuminating Company:

"To provide this coal pulverizer, our stockholders have invested \$25,000. It will pulverize 16,160 pounds of coal per hour. Average amount invested in U.I. per employee, \$58,000."

The plants were carefully studied, routes planned, and
(CONTINUED ON PAGE 114)

Students watch the assembly of water towers for a miniature railroad. At each plant visited "Dollars at Work" signs gave data on the number of employees in the various departments and the amount invested by the company's stockholders to provide the equipment



World Business

The lower Hudson River, with some of Manhattan's piers shown at upper right and those of New Jersey in the center of the photo

Trading with the Dollarsphere

HERBERT BRATTER

IN January Britain's exports reached a volume 68 percent above the 1938 rate. During the last half of 1948 British trade was in overall balance with the world; in fact, there was a small surplus. By the last quarter of 1948 industrial production in the United Kingdom had reached 26 percent above the prewar period, while agricultural output was above the wartime peak. Why, then, the Department of Commerce asks, is it necessary for the United States to continue to make substantial gifts and loans to a country so far along the road to recovery?

The answer, according to Frances L. Hall, chief of the United Kingdom Section, is that Britain's trade with the dollar area still remains unbalanced. Before the recent war, Britain was able to balance her trade on a triangular basis, currencies being inter-convertible. To be able to pay its own way in the Western Hemisphere, especially in the U. S. A. and in Canada, Britain, its government realizes, must sell more goods here.

To this end, according to Miss Hall, the British Government is giving first attention to exports: It is making every effort, as through fiscal and rationing measures, to restrict home consumption and make exporting profitable. Britain

plans still greater increases in exports and reduced imports. To promote exports to North America a new department has been created in the Board of Trade. Four new government regional trade advisors have been assigned to the United States, where from four regional headquarters in New York, New Orleans, Chicago, and San Francisco they will promote British sales in this country. Each will be assisted by an adviser from business.

"Plans are being laid for market research studies to be made in various sections of the country," states Miss Hall. "The British Export Trade Research Organization (BETRO) . . . 'devoted to the encouragement of British exports by the provision of a comprehensive service of detailed market research and intelligence,' has a key office in Washington from which it carries out many surveys on request from British industry." A special trade adviser, Neville Blond, has been studying the U. S. market to discover possibilities of increasing British sales here. Optimistic after a six months' survey, Mr. Blond has written for the *Board of Trade Journal* an article, "The Doors of the U. S. Are Wide Open for British Goods."

Convinced of this, the British Gov-

ernment is making special plans for considerable further aid to exports to North America. The Board of Trade is expected to announce these incentives in the next few weeks. On the other hand, purchases in Canada and the United States are to be limited to what can be financed from current earnings plus external financial assistance.

Trade Achievements Listed

Reviewing before the House of Commons Britain's 1948 trade gains, the president of the Board of Trade called attention to the part played by traditional export items. Worsteds piece goods, for instance, more than doubled in volume the 1947 total and trebled the prewar figure. Cotton piece goods and carpets made great gains, while exports of china increased sixfold over prewar. In the export trade to the United States in 1948 the most remarkable development was in passenger motor cars: 45 in 1938, 1,124 in 1947, and 24,475 in 1948. Equally striking was the growth in exports of farm tractors to this country: 341 in 1938; only three in 1947; but 12,305 in 1948! Quoting from *Hansard*:

These results have been achieved in the face not only of United States home (CONTINUED ON PAGE 88)

THE CONDITION OF BUSINESS

The Outlook. Banking opinion on the business outlook, revealed in interviews and comments obtained from bankers in various parts of the country, form a definite pattern which can be stated in the form of three general conclusions.

1. The winter slowdown is showing signs of reversing itself.

2. Few expect clear sailing the rest of the year but no one seems in a mood to batten the hatches and man the pumps. In other words, there is little out-and-out pessimism.

3. Areas with a diversified economy have done quite well, thank you, compared to those dependent on one or two principal industries. Diversification is just as important to a community, a region, or a nation as it is to a farmer or individual businessman.

Comforts of Competition

"To the average citizen," says Alfred T. Gibbs, president of the First National Bank of Montclair, New Jersey, "it is comforting to see cars on display in showrooms, to see lumber in lumber yards and to have sales people come in and try to interest us in their products. If prices are lower no one has been seriously hurt to date. If competition is keener, we get to be better businessmen and the public at last is getting a break."

This sums up fairly well the prevailing attitude of realistic optimism shown in BANKING's How's Business Panel this month.

A Cross-Country Tour

It may be that Washington has all the answers but let's drop in unexpectedly and unstatistically on a few bankers here and there over the country and see how *they* feel about things.

Edgar C. Hirst, president of the First National Bank of Concord, New Hampshire, says he does not expect any serious slump in that area. In his opinion most businessmen realize that competition has returned and that "this is the way costs and prices are kept down for all of us as consumers."

"The industries in this region," he points out, "are printing and publishing, textiles, granite, leather, railroad cars, wood working, electrical equipment, and machine tools. There are a fair number of good dairy and poultry farms and many part-time farms."

"The people of our area draw their income from a variety of sources. This diversification makes for less fluctuation in our general business life."

"In the banks personal and consumer loans are less than a year ago, but ordinary business loans are not much under. Building and purchase of dwellings slowed down for a year, but now it looks as if a moderate spring upturn was underway. The mortgage loan trend has gone along in the same

way. Commercial bank deposits, having dropped severely after 1946, came back from their lows and have increased still more since January 1, 1949. Savings deposits decreased through the latter part of 1948 but have been rising in 1949. In the first quarter retail trade in hard goods is off 10 percent as compared with the first quarter of 1948, but in most soft goods the volume is fully up to that of 1948."

Abundant Challenges

On the other side of the country, problems may be different but the outlook is much the same:

"Notwithstanding the fact that business has started off slowly this year," says a Portland, Oregon banker, "the future has hopeful signs and offers abundant challenges to those with the pioneering spirit." He believes business in that section in the coming months depends greatly on what happens in the forest products industries and he sees signs of genuine improvement in that direction. Diversification of farm products is a strengthening factor.

"Retailers in the first quarter of 1949," he said, "have experienced a decline in dollar sales varying from 5 to 10 percent under a year ago. The drop in sales has engendered cautiousness among dealers in placing orders for new merchandise. This alertness in watching their inventory position closely has kept the majority of dealers in sound financial circumstances. The growth of new retail outlets, in general, has been proportionate to the growth of population so that very few of the newcomers in the retail field find themselves in marginal locations."

Space will not permit extensive interviews but even a few suffice to show how they form a complete picture.

For example, R. H. Clark, president of the First National Bank, Springfield, Ohio, says:

"It is our feeling that business in our area will hold up fairly well because it is so diversified. Our principal industries are farm implements, particularly light speed trucks for domestic use and export; also large publishing interests, textile machinery, pulp machinery, rollers, diesel machinery for oil fields, thermometers for refrigerators, precision tools, lathes and chicken incubators."

"There has been a moderate increase in unemployment, chiefly through a reduction in overtime. Figures on full time employment have held up quite well."

"There is a little more demand for commercial loans for working capital and a slight upward trend in time deposits. Accounts receivable are fair. New home building is rather slow and inventories are turning over more slowly."

A banker in Carthage, Missouri, reports:

"Our manufactures consist principally of cotton work clothing, steel products, building materials, fertilizers, explosives, specialties, processing dairy products, flour and feed milling. Dollar sales and employment in our factories

probably average off for the first quarter of this year 10 to 15 percent compared to the same period last year. Retail sales are off about the same amount. January and February, due to a severe winter, were off more than March.

"There apparently is rather strong sales resistance in all lines. Some of the manufacturers who have been able to adjust prices downward have noticed a quick pickup in their business. Practically all manufacturers report their customers are not heavily loaded with inventories.

Some Lumber Prices Off

A banker of Bellingham, Washington, had this to say:

"In the industrial line, logging and lumbering have been our main activities. While this area does not have the amount of lumber milling that it used to, there is still a substantial amount of timber being logged in the forest reserve adjacent. This will probably be somewhat curtailed this year. Common dimension lumber is off in price, and more competition is anticipated from Canada.

"We are the headquarters here of one of the large salmon canning operations, with extensive activities in Alaska. Due to new and drastic taxes, they are curtailing their operations in Alaska substantially, which will be felt locally.

"The agricultural situation will not be as profitable as it has been in the past, although it is on a substantial footing, and will be diversified.

"There is a substantial amount of public building for which finances have been voted or approved, but residential building probably will be from 10 to 20 percent less than the last two years.

Not So Good But Still Good

A banker in Baton Rouge, Louisiana, made this comment: "Business in our trade area is not as good as last fall, but is still very good. Employment in large chemical and refining industries here has not decreased at all from the peak, but employment in some of the smaller, miscellaneous industries is somewhat less.

Another in Cedar Rapids, Iowa, said:

"Markets generally will go increasingly competitive and business will continue to decline to about 10 percent less than that of 1948.

"Activities in this area are primarily farming; however, there is substantial manufacturing in Central and Eastern Iowa, including farm implements, earth moving and road building machinery and cereal processing. The decline will probably be in other than farm lines, except for farm implements."

In Mansfield, Ohio, this comment was made:

"We have a lot of well managed industries and all going strong, with a few layoffs just occurring.

"At the bank we are plugging along cautiously, because this is the time of caution. We can still remember the time years ago to which we applied the term normal business, and if that time ever has to come back, we hope it will come back slowly. I believe we can weather the storm successfully."

Pick-Up After First Quarter

Garland Hurt, president of the Citizens National Bank of Camden, Arkansas, says:

"The business of this trade area is just beginning to show some life after the stagnation which persisted during the first quarter.

"Our productive activities comprise the manufacture of lumber, furniture, pottery, naval ordnance, Kraft paper

and beverage extracts. The production of petroleum and general farming also have a part in our economy.

"Lack of demand for lumber has retarded business here more than any other factor. It has resulted in shutdowns and unemployment, with a very natural depressing effect on wholesale and retail trade. It is also making it difficult for the small mills to continue operation.

W. J. Flynn, president of the Bank of Erie, Pennsylvania, is fairly optimistic:

"District figures released indicate that business is better in this Fourth Federal Reserve District than in many others.

"The Erie Clearing House Association reports an increase in debits to individual accounts, for the first three months of 1949, of \$11-million on a base of \$250-million. During the same period demand and time deposits have grown.

"Nevertheless, in this immediate area activity is easing, employment is down moderately, collections are stickier and merchants are not satisfied with their volume of business.

"However, employment, which has shown a decrease, has picked up a bit within the past two weeks. There is more than usual activity in the construction and reconstruction of commercial buildings and hospitals; house erections will increase as the weather opens.

Below Last Year But "Satisfactory"

F. F. Millsaps, president of the Ouachita National Bank in Monroe, Louisiana, says:

"Retail and jobbing sales have slowed down perceptibly since last year and local building, particularly dwellings, has slowed up and demand for Kraft paper products has fallen off. In most cases the mills have not laid off any men but have shortened hours to some extent, particularly in overtime.

"Conditions at present would be classed as very satisfactory even though business is below last year. I believe there will be a continued gradual decline in business but not to the extent of a serious depression."

President R. E. Knight of the Alliance National Bank of Alliance, Nebraska, says:

"Our first quarter business was extremely poor as a result of the severe blizzard in January and February. Livestock losses were large but not crippling. The storm caused much damage so we expect considerable activity in the line of repairs.

"Business in this area should remain comparatively stable because our chief industry, cattle raising, can operate profitably at expected softened prices. Price supports will probably sustain farming. Substantial railroad payrolls should continue."

Downward Trend in Mississippi

Down in Hattiesburg, Mississippi, President McWilliams of the Citizens Bank comments as follows:

"Forest products continue to be the major source of production in south Mississippi. In this area we have several of the large pulp mills and soft and hard board manufacturers. Since last December our economy in this area has been deteriorating. Our merchants complain of a falling off in retail trade, and most of them, particularly the large merchants, have considerably reduced their personnel.

"I would estimate that local business has suffered a drop of 12 to 15 percent in volume. The situation has not reached alarming proportions but the trend continues downward.

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How Banks Are Beating

The Traffic Problem • II

JOHN J. MCCANN

This is a second article on this subject, the first having appeared in our April issue. Meanwhile, bankers attending the National Consumer Instalment Credit Conference last month in St. Louis, heard Lieutenant General JIMMY DOOLITTLE discuss "The Mounting Cost of Our Traffic Muddle." A digest of General DOOLITTLE's talk appears on page 120.

POSING the question frankly, BANKING asked 60 institutions whether the investment and maintenance of drive-in service is worth while. Some 53 said "Yes"—definitely—and some were very enthusiastic. One bank wasn't too certain, three did not indicate an answer, one said not at present, and only two said "No." One of the latter reported very little activity as an obvious reason for its dissatisfaction.

Of the group, 48 reported that the service had fulfilled all expectations, six said "No," three did not answer, and

one each said: "Not entirely," "Too soon to know," and "Undecided."

Pursuing the same tack, 45 reports indicated that the drive-in service was definitely responsible for attracting new business, nine said "No," and four did not answer. Here again the opinions were conditioned by the fact that so many installations were comparatively new.

On the basis of these majority opinions, it is quite conclusive that drive-in service is doing a real job.

Like any other new and unfamiliar service, the success of a drive-in facility depends in large measure on the methods employed for introducing it to customers and the general public. Many banks have done outstanding jobs in various media—direct mail, newspapers, radio, and billboards; however, some of the efforts, sad to say, are rather mediocre.

(CONTINUED ON PAGE 128)



AN "AUTO BANKING" BUILDING

The Michigan National Bank, Saginaw, has erected a new building entirely devoted to drive-in service. Two 20-foot driveways surround a center island in which there are four tellers' windows. The electric-eye-operated indicator tells entering customers which window to use. Radiant heating is installed in the driveway paving, and the island is completely air-conditioned, with inside pressure maintained slightly above outside to prevent entry of exhaust fumes. Communication with the bank proper is by dial phone and pneumatic tubes, while teller-customer communication is by two-way loudspeaker system. A specially designed depositor's tray can be extended as much as 15 inches toward the customer's car, to compensate for differences in ability to stop close to the window. Above the island are the bank's proof, distribution, transit and bookkeeping departments. Access to the work space is from the basement level.





Baby carriage banking is an innovation at the Bayside office of the Bayside National Bank, New York City, *above left*. *Above right*, drive-in window at the Fresno office of the Anglo California National Bank. Parking space is also provided nearby



Above left, drive-in branch of the Rutherford (New Jersey) Trust Company. Formerly an auto dealer's warehouse, it will accommodate 25 cars at once. A tunnel connects it with the main bank building. *Above right*, sidewalk and drive-in tellers of the Commercial National Bank, Peoria, Illinois. *Below left*, filling station converted to drive-in use by the American National Bank & Trust Company, Danville, Virginia. *Below right*, auto teller branch of the National City Bank of Cleveland. A nearby section of curb is reserved for parking and is policed by bank guard. Additional information about some of these drive-ins will appear in a later article



The Investment Market

Governments—Other Securities

Government Bonds

MURRAY OLYPHANT

The author is a member of the faculty of The Graduate School of Banking and a Government bond and money market specialist.

THE current tendency for price declines in all forms of consumer goods and commodities as well as hard goods and metals does not seem to forecast any material pickup in loans for the second quarter this year.

Should this trend continue, the declining income from loans will require replacement quite probably from additional investments chiefly in government securities.

As the average income from loans has been substantially above that obtained from the securities which were sold as loans increased, a reversal of the process will present a difficult problem. It is to be hoped that pressure for income, when and if it develops, will not lead to any failure to require high credit standards for new security purchases.

War Loan Calls

After March 30 the Treasury balance at the Federal Reserve would normally have started to decline, with the consequence of increasing member bank deposits, but the decline was counteracted by a succession of calls on war loan deposits which, between April 1 and 14, totaled about \$1¼ billion. Since the balance in the general fund of the Treasury on March 31 was well up at \$5,766-million (slightly over \$1-billion consisted of as yet non-monetized gold) the war loan calls would seem to have been made with the possible objective of preventing an increase in the ability of the member banks to purchase

additional Government securities. In any case such would be the effect.

Early in the year there was considerable justification for the expectation that the known feeling of the Federal Reserve Board that more "flexible" treatment of the short term money rate was necessary might meet with the approval of the Treasury Department and result in an upward adjustment of ⅛ per cent in the one year rate. However, evidence of "disinflationary" developments contrary to administration expectations apparently caused the Treasury to "let well enough alone" and resulted in the decision to hold the one year rate at 1¼ per cent for both the March and April refunding of certificates.

Easier Terms

Subsequently, relaxation of the terms governing consumer loans clearly indicated that the Board of Governors of the Federal Reserve System had, at least temporarily, reached the conclusion that anti-inflationary measures were no longer required. This was followed later by a reduction in the margin requirements on loans to carry securities, a measure which was perhaps mainly adopted for its hoped-for psychological effect as a possible preventive of such deflationary sentiment as might result from a further decline in equity securities.

Once this action had been taken, rumors flew about that the reserve requirements of the member banks would soon be reduced, although the cancellation of the increase in such requirements which took place last September would add nearly \$2-billion to primary reserves and permit the expansion of at least \$10-billion of banking credit, and this at a time when loans are declining and the course of prices of government securities obviously needs no support.

Such action would not only be drastically anti-deflationary but would also almost certainly serve as an undesirable tonic to an already healthy bond market should the second quarter show evidence of continuing deflation, which is distinctly possible. The possibility exists, however, that the present legislation may be permitted to expire on June 30 without extension, but definite action prior to that time by the Board of Governors of the Federal Reserve System seems most unlikely.

Because of the known scarcity of Government bond issues eligible for commercial bank purchase, several rumors as to the way in which the supply might be increased have been heard. The first was to the effect that during the Opportunity Bond Drive scheduled for May and June permission would be given to commercial banks as well as to other investment institutions to subscribe for additional amounts of Series F and G Savings Bonds on perhaps somewhat the same formulas as in July 1948. What for? Two possibilities suggest themselves: one, sales of E Bonds might be unsatisfactory; two, the market for Government bonds might have shown so much strength that an alternative use for available funds would be desirable. Two "mights" are not a prophecy. As this is written nothing is definite.

Another Rumor

The second whisper was to the effect that the date on which certain "ineligible" issues would become "eligible" for commercial bank purchase might be advanced; specifically the 2¼ per cent issues totaling about \$7¼-billion, whose eligibility dates are now June 15 and December 15, 1952, respectively. The known scarcity of the supply of "eligible" issues coupled with the assumed increase in bank demand resulting from

a continued decline in the income received from loans was said to require some corrective action. Callable in 1959, the 2½ fall within the 10-year dead-line beyond which no orthodox banker is supposed to stray for fear of excommunication by examining authorities (an occasional corporate issue to the contrary notwithstanding). With these bonds available, the problem of the Treasury in designing a new issue in the five- to 10-year range would be simplified, etc., etc.

Nevertheless any such action would involve the alteration of definite terms between original purchasers and the Treasury Department and might raise questions in the minds of holders of other types of issues justifiable or not. It is hoped that no such action will be taken.

The First Quarter

The first quarter of 1949 was characterized by rising prices for U. S. Government securities, declining loans, and for the most part tight money. During the period the market continued to absorb the longer term Government issues from the stock pile in the Federal Reserve portfolio. During March the rumor factory went into production once more but the stories this time had a distinctly anti-deflationary tinge, a complete reversal of the implications involved in last year's output.

Prices at the end of the quarter continued to widen the spread between the gone but perhaps not entirely forgotten "pegs" and current quotations. During the last half of March even the somewhat lagging 2½s of 1962/59 were in demand as a result of the impression that perhaps commercial banks might be allowed to buy them before 1952 (more about that later). Anyhow, prices rose from a quarter of a point for the 2s 54/52 to a point and a half for the "bank" 2½s. Emphasizing the effect of amortization in relation to length of maturity is the fact that the price increase of ¼ point for the 2s and 1½ points for the 2½s resulted in an identical decline of ¼ of 1 per cent in the yield for both issues.

The continuance of the 1¼ per cent rate for one year in the March 1 and April 1 Treasury refunding operations set the Treasury certificate rate so that there was no market change whatever during the quarter. The rate on Treasury bills was very slightly higher at the end of March than early in January, but during February and March sta-

(CONTINUED ON PAGE 94)

Other Securities

H. EUGENE DICKHUTH

The author is a financial writer on the New York Herald Tribune.

THE largest private issue ever to be offered in the United States investment markets, amounting to nearly \$400-million, is going into Securities and Exchange Commission registration in the first half of this month. It is a flotation by American Telephone & Telegraph Company of convertible debentures, offered pro rata to stockholders.

The marketing of the securities follows a considerable volume of underwriting during preceding weeks and will constitute a test of the absorptivity of the markets throughout the nation.

Another large issue, subject to stockholders approval on May 10, will be a \$100-million flotation by Pennsylvania Railroad "to provide capital improvements." It may be observed in passing that on March 1, the company paid about \$40-million maturing obligations of its subsidiary, Long Island Railroad, now in reorganization.

Other Issues

These two issues, scheduled to loom large in investment circles in May, are symptomatic in that they head a list of other utility and rail offerings. Among them are Cincinnati Gas & Electric Company, Dayton Power & Light Company, El Paso National Gas Company, Empire District Electric Company, Indianapolis Power & Light Company, Staten Island Edison Corporation, Western Light & Telephone Company, Inc., and Pacific Gas & Electric Company.

Also, Pacific Power & Light Company, Southern Railway, Indiana Harbor Belt Railroad, Public Service Company of New Hampshire, Southern California Edison Company, Southern Natural Gas Company and Public Service Electric & Gas Company.

Of considerable interest to commercial banks is the national housing and slum clearance proposal in the national legislative hopper. A bill makes commercial banks eligible as dealers in housing securities beyond the previous 10 percent limitation, and it is designed to enable some 500 cities to spend, over a period of years, about \$8-billion in order to provide dwelling units.

It would be one of the greatest peace-

time financing projects ever undertaken in this country, and the first year's quota of issues to come before the markets would probably be in the neighborhood of \$1-billion.

Although opposition has been registered in some investment quarters to commercial bank dealings to the extent envisaged, bank underwriting is regarded as of public interest because it would most likely assure lower financing rates and stability of housing obligations in secondary markets during all economic cycles.

Presently, commercial bank members of the Federal Reserve System are permitted to underwrite and deal in any amounts only in obligations of the United States Government, general obligations of any state or any political subdivision thereof, and obligations issued under authority of the Federal Farm Loan Act or by the Federal Home Loan banks.

Such securities may be acquired for bank investment without restriction as to amount. However, heretofore banks were restricted to buying not more than the equivalent of 10 percent of their capital of state or local government bonds, payable solely from certain limited revenues or earnings and obligations issued by local housing agencies on the security of Federal subsidy payments.

A Safety Feature

The housing and slum clearance bill empowers the Public Housing Administration to contract for payment of annual contributions sufficient to assure payment of principal and interest of local housing agencies' securities in all eventualities. This safety feature is considered as placing such bonds in the same category as an obligation of the Federal Government.

Therefore an amendment to the National Banking Act has been drawn which removes the 10 percent purchase limitations from housing obligations. They would become available for commercial bank investment in unlimited amounts.

The opposition has contended the act would put the banks back in the underwriting business from which they were divorced by the first New Deal Banking Act, but it can hardly be

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The Country Banker

The Country Bank Operations Commission at work in Omaha. Clockwise, Messrs. (M. C.) Miller, Betts, Petteys, Linsley, Lane, (G. I.) Miller, Larsen, Williamson (standing), Amy, Trefz, Roberts (standing), Forrest, (G. H.) Miller, Erdman, Rantz, Nelson, and Warner

An Expanding Bank Operations Aid Program

COUNTRY banks may expect assistance in solving a wider variety of operating problems during the next 12 months from the Country Bank Operations Commission of the American Bankers Association than in any previous comparable period, according to Richard W. Trefz, president of the Beatrice State Bank, Beatrice, Nebraska, who is the Commission's chairman. Mr. Trefz's optimistic forecast arises from his intimate knowledge of the program framed by the Commission at its annual meeting in Omaha early in April.

Fourteen of the 15 Commission members attended the Omaha meeting and participated in a critical review of the many Commission projects now "in production" and took an active part in developing its expanded program. These bankers, all of whom are operating men in smaller banks, represent every section of the country.

The main objective of the Commission is to aid smaller banks in solving their operating problems. At the present time, it is divided into nine working committees: Reserves, Cost Analysis, Bond Portfolio, Service Charges, Internal Operations, Public Relations, Personnel, Farm Mortgage Lending, and Business Trends for Country Banks.

Numerous projects were completed by the Commission during the past year. The most important of these were:

(1) A manual entitled *Reserve Method of Accounting for Bad Debts in Banks for Federal Income Tax Purposes*.

(2) A *Bookkeeper Efficiency Study*.

(3) A study entitled *Your Bank's Investments as of June 30, 1948*, in which 3,742 smaller banks actively participated.

(4) A manual prepared jointly by the members of the Agricultural Commission and Country Bank Operations Commission and entitled *Farm Real Estate Financing*.

Projects scheduled by the Commission for development in the months ahead include:

Job Classification

With the objective of setting up a guide for smaller banks in establishing a sound Job Evaluation Program, this Commission and the Customer and Personnel Relations Department have conducted a preliminary survey among a representative group of smaller banks.

On the basis of the information and suggestions obtained, the original forms will be revised and mailed to a larger group of banks which will be requested to furnish information as to job titles, the time spent by their individual employees on the different operational functions, salaries, bonuses, pension plans, and other related data. After these data have been compiled and evaluated, work will then be done on the preparation of a guide to aid operating officers of the smaller banks in establishing sound and efficient job classification and evaluation programs in their individual banks.

Trends in Bank Costs

A booklet is being prepared that will present current cost information, based on figures obtained from a large group of smaller banks which analyzed their costs using the plan outlined in the Commission's manual *Simplified Cost Analysis for Smaller Nondepartmentalized Banks* and also from 21 larger banks in seven different size groups, which use their own cost methods. These 21 banks were carefully selected for the outstanding jobs they are doing in this field. The study will set forth cost figures for most items and transactions, including those items which enter into the service charge picture. Included will be: net earnings from demand deposit funds, cost of handling special (pay-as-you-go) or similar type checking accounts, cost of savings department items of commercial banks, safe deposit costs, etc. This booklet is nearing completion and, within the next two months, the additional necessary data will be available, after which it will be completed and distributed to the member banks.

Verification

A study of the different methods of verification of savings accounts and loans, along with some of their advantages and disadvantages, will be made and published in pamphlet form. It is planned to illustrate three of each of these two forms, to be carefully selected.

(CONTINUED ON PAGE 130)

A Farm Credit File in Operation

HAROLD SEVERSON

MR. SEVERSON, a frequent contributor to **BANKING**, tells how the farm credit file of the Goodhue County National Bank of Red Wing, Minnesota, is organized and how it serves the bank and its customers.

SECURING financial statements from farmers no longer is a time-consuming, intermittent business with the Goodhue County National Bank of Red Wing, Minnesota. Instead of interviewing farmers at the time they seek a loan, Ora G. Jones, Jr., executive vice-president, mails out letters to all farm customers requesting them to furnish financial statements "as of the close of business, December 31."

The first letter is mailed out about January 10 when farmers are filing income tax returns. The response to this letter has been very encouraging since it results in about a 75 percent return. A follow-up letter is sent March 1 to the customers who did not comply with the first request.

These letters go to the bank's regular farm customers. However, a postscript to the first letter explains: "In case you have no loans with us now we are still requesting your new statement to keep your file information active for your future use."

90 Percent Response

The two letters bring financial statements from about 90 percent of present or past farm customers. Mr. Jones regards this as remarkable but attributes it to the fact that the letters reach farmers when they are completing Treasury Department Form 1040F (Schedule of Farm Income and Expense). Since farmers are now required to attach these statements to their returns, they usually keep carbon copies for their own records. It's a simple matter for them to transfer the information on Form 1040F to the form which the bank mails out.

"We've tried this system for two years," Mr. Jones explains, "and it has solved the problem of getting financial statements from farmers."

Before adopting this method, the Goodhue County National Bank had followed the usual custom of getting statements from farmers when they came in for loans in the spring. Few farmers had accurate records with them so their statements to the loan officers

were usually based on guesses. In addition, another drawback to this method was that the financial statements were scattered throughout the spring and summer months instead of being compiled during one period of six to eight weeks.

Other benefits which this bank has derived since adopting the system of soliciting financial statements by mail are:

(1) *Saving in time.* When a farmer comes in for a loan, no longer is it necessary to spend 15 to 30 minutes interviewing him in regard to his assets and liabilities. The loan officer merely asks the file clerk for the financial statement submitted by the farmer early in the year.

(2) *Accuracy.* The figures submitted by the farmer are more accurate because they are transferred from his income tax return to the form supplied by the bank.

(3) *Uniformity.* The great percentage of the farm financial statements are sent in at the same time.

"Rural banks have been subjected to a great deal of increased competition by governmental agencies," Mr. Jones points out. "It is essential that country bankers have the type of agricultural credit file which will enable them to do a complete job of sound lending and retain their position as community lenders."

Credit File Design

The agricultural file at the Goodhue County National Bank is divided into the same general sections found in a commercial file; namely, a section for financial information, one for general information, one for investigations, and

one for miscellaneous information. This enables the banker to follow the same logical sequence in his analysis of the material acquired, regardless of whether it is for a commercial borrower or a farmer. There is no difference in basic considerations regarding either type of borrower but merely in the technique employed by the banker.

The financial statement is regarded as the most important form in this section since it is the starting point for developing financial information. That explains this bank's eagerness to get accurate statements from farmers all dated within a 6-week period.

The financial statement should be designed to develop a detailed picture of the applicant's finances, and still be simple enough in content to be easily used by both banker and customer. Provision should also be made for the farmer's assets and liabilities to be described in detail, supplemented by information regarding title of real estate, lease provisions, insurance, contingent liabilities, age, marital status, dependents, and the like. Also included should be information regarding income and expense for the last year.

The Goodhue County National Bank uses a financial statement form distributed by the Federal Reserve Bank of Minneapolis and designed especially for banks in the ninth Federal Reserve District.

After the financial statement has been obtained from a farmer, the information is spread onto a comparison sheet.

Comparison Form

The fact that fluctuations take place between statements in the dollar value of a farmer's current assets and the physical make-up has caused the bank to determine fixed unit values to be used for spreading figures from a farmer's financial statement to the comparison sheet. These figures are conservative in value and remain the same from year to year. The actual numerical count of the livestock items is also shown on the comparison form. The unit values are based by the bank on auction prices observed in the Goodhue County National Bank over a period of 20 years.

These figures, Mr. Jones admits, are somewhat arbitrary, since they are not the lowest prices received during this

period nor are they in most cases the exact average prices received. He regards them as merely conservative valuations which can be used both for fixed valuations in the comparison sheet and as a guide in fixing loan limits in chattel mortgage lending. He suggests that each bank determine its own fixed unit values since the quality of livestock varies in different sections of the country. However, he emphasizes that the basic thing to remember is that regardless of the values which are used, as long as they remain constant, the progress trend will reflect on the comparison sheet.

Mr. Jones warns that in transferring items from the financial statement to the adjusted comparison sheet, certain things must be kept in mind.

"It is not enough to use fixed unit values for the livestock," he emphasizes. "Machinery and equipment should be placed on the form at depreciated value. Real estate should always be shown at the same value unless additional property has been acquired. Also, it might be noted that although inflated values have been squeezed out of the assets, the current liabilities—provided money is cheap—will reflect the market price inflation which prevails. This is not a distortion, however, since the liabilities, no matter when incurred, represent actual dollar debts which must be paid."

The adjusted comparison sheet contains several other features which enable an intelligent comparison to be made. A line is provided for the adjusted net worth, immediately followed by a line for the statement net worth. This provides easy comparison between the two and indicates how much the borrower has inflated his statement figures. On the other hand, it might show by how much he has deflated his figures. Space is allowed for showing the current ratio and the ratio of debt to worth.

"Ratio analysis has been little used in regard to farmers' financial statements," Mr. Jones asserts, "but certainly it is as important here as it is in respect to commercial borrowers. A farmer whose current ratio is declining, or whose debt-to-worth ratio does not improve, needs watching as surely as does the commercial borrower whose ratios show the same trend."

Lines on the adjusted comparison sheet are provided to indicate total income, total expense, and net profit from year to year. These figures, together with the adjusted net worth figure and the relationship between the various asset and liability items, when compared from year to year, are very

helpful in evaluating the capacity of the farmer.

Reliable Average Figures

Pointing out that a banker has need for information related specifically to the type of farming in his own particular area, Mr. Jones urges bankers to compile their own statistics in order to obtain reliable average figures. Most small bank borrowers are engaged in only a few different types of farming, and if the bank obtains all or a majority of its farm statements at approximately the same time each year, the banker has the raw material available for a very good trade comparison study.

The Goodhue National uses an agricultural reconstruction sheet to apply the average figures to the individual farmer. This form is similar to the reconstruction sheet used for commercial borrowers. However, the comparison also could be made on one of the adjusted comparison sheets, or on an ordinary columnar pad. In the reconstruction sheet, sufficient detail is provided to enable a worth-while comparison to be made.

"An analysis of this nature points up possible weak points in a borrower's operation," Mr. Jones points out. "As such it is helpful not only to the banker but to the farmer and banker operating as a team. The banker is not setting up arbitrary standards with this type of analysis but has merely prepared a means by which the individual farmer can compare himself with his own neighbors."

The bank has found that a complete financial section should contain a good financial statement together with an operating statement and an estimate of the next year's operation. These forms

should be obtained at least once a year and at approximately the same time each year.

"These forms, when used and tempered with common sense," said Mr. Jones, "provide satisfactory tools for an adequate analysis of the farm borrower's financial situation."

Chronological Arrangement

The financial forms are attached to the folder and arranged in the same manner as those in the bank's commercial file. The adjusted comparison sheet is on top since it is most often consulted. This is followed in order by the agricultural reconstruction sheet, the operating statement and budget, and the financial statements. All forms are arranged in chronological order with the latest information nearest the top.

The Goodhue County National Bank makes use of an operating statement to provide a simple budget of the farmer's operations for the following year. Farm budgeting, Mr. Jones points out, is being used more and more by progressive country banks since they realize that sound farm lending for operating purposes requires that the bank be prepared to see the farmer through the entire season. Many farmers borrow on a hit-or-miss basis, without any particular conception of how much money they are liable to need before their cash crop is marketed. This type of farmer benefits greatly through the preparation of the budget, since best results in any business are obtained only through intelligent planning.

"We have found a budget form especially valuable in the case of marginal borrowers and new customers," Mr. Jones says. "The use of a budget, together with an operating statement, is a good example of how one form can do the work of two."

Comment Sheet

Lending officers at the Goodhue County National Bank concur with Mr. Jones in regarding the comment sheet as the most important form in the general information section. The first item on the comment sheet is a brief summary of whatever history is available concerning the borrower, his farm, and method of operation. Succeeding items consist of all information of a credit nature which has come to the attention of bank officers. The bank has found that this record is perhaps the most difficult to keep to date of all the records in the file. This is because in the rush of everyday business it is easy

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"Listen, Pop, I stood here and saw you dishin' out the bills to complete strangers, and ya won't give me, your own flesh and blood, a measly little buck!"



News for Country Bankers

Selling Services . . . Bank Operations . . . Legislation . . . Research . . . Better Farming

This selection of news affecting various aspects of country bank management was compiled by MARY B. LEACH of BANK-ING's editorial staff.

Virginia Bankers Survey Agriculture

W. M. EARLY, JR., Orange, Virginia, banker and chairman of the agricultural committee of the Virginia Bankers Association, presented plans for a statewide survey of Virginia's agriculture to obtain basic information on its financial structure during the association's recent three-day farm credit conference at Natural Bridge. This survey, which Mr. Early describes as the greatest project ever undertaken by the VBA, is being jointly sponsored by the association, Virginia Polytechnic Institute, and the Federal Reserve Bank of Richmond.

The objectives of the survey are:

- (1) A balance sheet of Virginia farmers with a breakdown of the assets and liabilities to show their financial status.
- (2) To determine the potential borrowing power of Virginia farmers, enumerating the amount they expect to spend or invest in expansion or improvement and the source of the funds to be used.
- (3) To determine by type of farm, size of farm, and geographical location the capital requirements, average return on investment, and relative profitability of the various agricultural enterprises.
- (4) To study the agricultural credit picture in order to determine the type of credit needed by the various farm enterprises, the kind and amount of credit now being used, and the possibilities for expanding or improving loan services to farmers.
- (5) To study agricultural trends in the state as well as in the various sections of the state in regard to: (a) Changes in types of farming; (b) ownership, management and tenant patterns; (c) part time farming; (d) large and small scale operations; and (e) com-



mercial, family, and subsistence farming.

(6) To secure up-to-date information pertaining to the various fields of agriculture which will be of considerable value to the teaching, research and extension agencies.

To secure the desired information approximately 750 segments of land have been selected statistically throughout the state within the borders of which are approximately 4,000 farms. Bankers and professional agricultural workers in each are being asked to contact all farmers in the various segments to secure certain basic data on their farming operations as called for in a prepared questionnaire. The questionnaires will then be studied and analyzed and the results published and made available to all interested parties. It is contemplated that the original survey will be completed by May 1, 1949, and this will be followed by a second survey of the same farms in the spring of 1950, which will provide basic data on a full year's farming operations.

At the closing session of the conference a resolution was adopted in which Virginia bankers and professional agricultural workers pledged their support to Governor Tuck and farmers of the state in a recent challenge by Governor Tuck to the Governor of North Carolina for a contest to determine which state can show the greatest percentage increase in corn yields in 1949.

Five-Way Public Relations

Your bank helps you buy, build, and grow was the theme of an exhibit of the five Cedar Rapids, Iowa, banks at the city's winter fair. The display, which had tremendous drawing power, included in miniature a railroad, a farm, a town, and an industrial development.

Invitations to the fair were extended through a full-page newspaper advertisement sponsored by the five banks—the First Trust & Savings Bank, Guaranty Bank and Trust Co., The Merchants National Bank, Peoples Bank & Trust Co., and United States Bank.

The lending functions of the banks were featured in a panel across the center of the ad. Three types of loans—individual, instalment credit, and industrial (to farmers, businessmen, and industry)—were emphasized. Under each category were listed the combined total of loans made and the combined aggregate amount of these loans.

The model trains had high asset value to the exhibit. They attracted model train hobbyists as well as the run-of-the-mill train fanciers. Three locomotives—passenger, freight, and switch—pushed and pulled countless cars through many intricate interlacings of the yards and around some 200 feet of track.

"The exhibit was manned by one person—the operator of the railroad equip-

ment," writes David Ruml, vice-president of the Guaranty Bank and Trust Co., a model train hobbyist. "Officers from the various banks, however, made it a point to be at the exhibit afternoons and evenings.

"We have been asked to repeat the exhibit at the All-Iowa Fair this summer and are considering installing a small control board so that youngsters who have opened a savings account or made a deposit in any one of the banks during the period prior to the fair will be permitted to operate one of the locomotives and probably blow the whistle."

Farm Land Price Picture

FARM land prices dropped two points for the period from November 1, 1948 to March 1, 1949, according to the Bureau of Agricultural Economics. This represents the first decline for any reporting period in the last 10 years. On March 1, 1949 the index was 175 (1912-14=100) as against 177 reported for November 1, 1948. This is in contrast to an index of 84 on March 1, 1940.

On a percentage basis the drop was 1 percent for the country as a whole. Decreases have occurred in 15 states, mostly in the west. In eight states no change is reported,

but it should be noted, however, that average prices of farm land have continued to increase in 25 states. The percentage changes, by states, for the period November 1, 1948 to March 1, 1949 are given in the map below.

Bankers are urged to study the situation as it exists at the local level. This will mean continued selective lending on farm real estate in some areas. Bankers are also urged to meet the needs of their farm customers, at the same time keeping them in a sound financial position.

A.B.A. AGRICULTURAL COMMISSION

FFA Patronage

WHEN a vocational agriculture class was organized in the Hastings Public Schools at Hastings, Minnesota, R. E. Orchard, cashier, The Hastings National Bank, promptly announced his bank's willingness to finance purchase of steers, swine, or other livestock to be raised by the students.

"We have a little competition from Government lending agencies," he explains, "but that wasn't the main reason for wishing to finance loans to the youngsters. We figure that once a boy starts doing his banking business with a

certain bank, it establishes a pattern that he may follow in adult life. The vo-ag class at Hastings is large, consisting of 54 boys. That's a good-sized group of future customers and we want to get acquainted with them."

Six percent interest will be charged on the loans. "We might just as well start the boys off on a businesslike basis instead of expecting something for nothing," said Mr. Orchard.

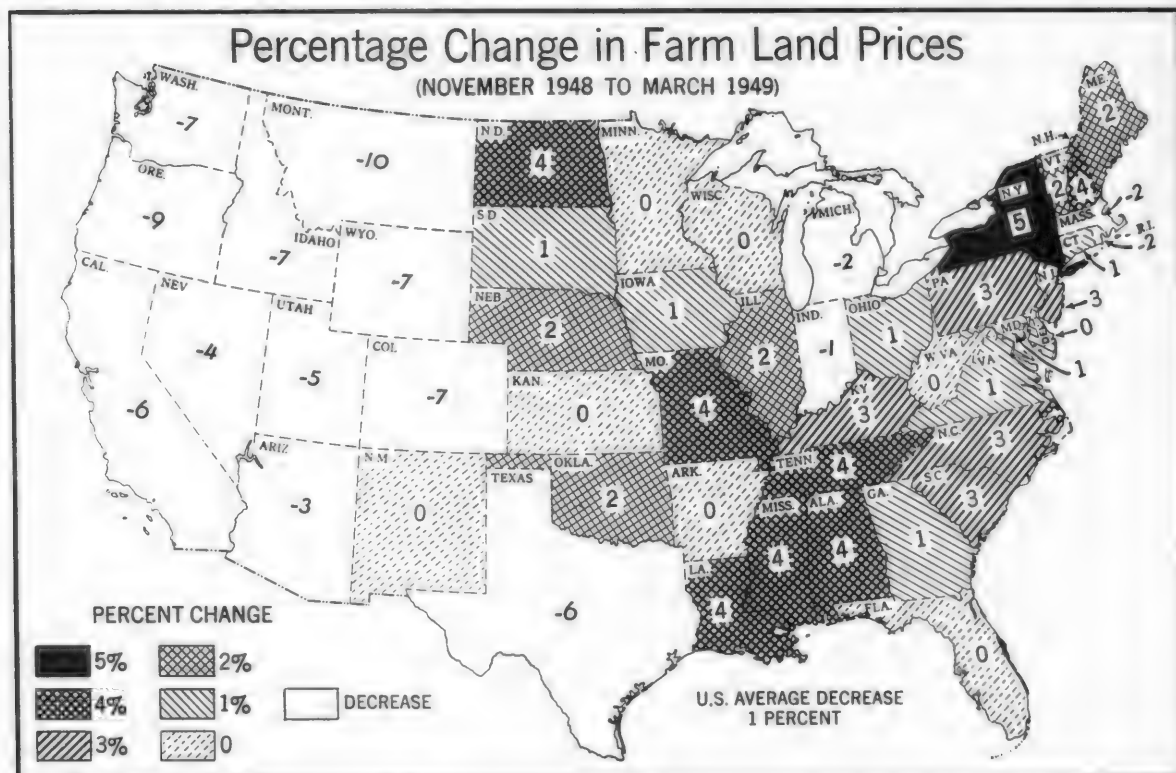
One of the directors of the Hastings bank is H. J. Hoffman, a well known Guernsey breeder. He has announced that he will give one of the finest calves in his herd to a top-ranking member of the class.

"We are leaving it to the instructor to work out the details of the award," Mr. Orchard states. "Our thought is that this calf would not go to the boy who wins first place at the fair but rather to another youngster who has done good work but who lost out in the final competition."

A Model Farm Plan

WITH soil and water conservation near the top of its list of "things to do," the agricultural committee of the Florida Bankers Association arranged with Colin Gunn, state conservationist, to furnish it with valuable material to

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McCormick No. 125-SP combine harvesting wheat.



McCormick No. 45 pickup baler and Farmall H tractor.

**WHEREVER
YOU FARM**

**WHATEVER
YOU GROW**

INTERNATIONAL HARVESTER *serves you all the way*

There are 3 *basic* reasons why so many growers of so many crops rely exclusively on McCormick Farm Equipment built by International Harvester.

1. This company builds fully proved farm machines that fit the *specific practical needs* of American Agriculture.
2. The long-continued and increasing preference for McCormick equipment is the result of research and

manufacturing facilities that give you farm machines designed for long life and efficient performance—that are *precision mass-produced* with quality as the standard. For example, farmers have shown their confidence in International Harvester by purchasing *more than a million* all-purpose Farmall tractors!

3. Long-time Harvester policy requires that customer investment be protected. This has built a *dealer network closely serving all communities*—for providing the farmers of America what they need and expect to keep their equipment earning.

Wherever you farm, whatever you grow, IH and the International Harvester dealers serve you all the way!



INTERNATIONAL HARVESTER

This modern building symbolizes the expanded service facilities of IH dealers throughout America.

180 NORTH MICHIGAN AVENUE • CHICAGO 1, ILLINOIS
LISTEN TO JAMES MELTON ON "HARVEST OF STARS" EVERY SUNDAY AFTERNOON ON NBC.

(CONTINUED FROM PAGE 62)

inform bankers on just how important conservation is to every community and every bank in the state.

This material included a model "Farm Plan." From start to finish the plan is intended as a guide to bankers in their farm loan activities. It includes a land classification map and a conservation chart to be followed on a typical Florida farm; also, a before and after summary sheet to enable the farmer to plot his production progress and a sample farmer soil conservation district cooperative agreement.

"Wouldn't it be a fine thing if you had such complete information in your file on each of your farm borrowers or prospective borrowers?" queried E. J. Folmar, agricultural committee chairman, in sending the "Farm Plan" folder to member banks. "It can be had, gratis too," he said, "if these customers of yours are located in a duly organized soil conservation district. Ask them to provide you with such a plan."

Mr. Folmar, who is vice-president and cashier, Bank of Bonifay, told the banks that if they are not already in a soil conservation district to let him know and he would see what could be done toward organizing a district in their areas.

4-H Leader Banquet

THE five banks of Larimer County, Colorado, entertained 100 county 4-H Club leaders, state 4-H officials, and guests at their third annual recognition dinner. Three club leaders were awarded the banks' silver clover pins for five or more years of leader service.

H. N. Bales, president of the Poudre Valley National Bank, Fort Collins, acted as master of ceremonies. J. H. Peters, president of the First National Bank, Loveland, gave the invocation. Other banks participating in this activity were the Estes Park Bank, Berthoud National Bank, and the First National Bank, Fort Collins.

The *Loveland Reporter Herald*, in commenting editorially on this function, said:

"The dinner is a good bit of public relations work on the part of the banks, but it is much more than that. It is an expression of gratitude by the banks to these men and women who give of their time in the promotion of 4-H Club work. In this, the banks actually are expressing the attitude of every thoughtful person in the county."

Vermonters Score Record

VERMONT county key bankers hung up a 100 percent record recently when every one of them came through with an answer to a questionnaire sent out by the Agricultural Commission of the American Bankers Association. The percentage response of county key bankers to the Commission's requests for information is one of the services taken into account in grading states under the A.B.A.'s 1000-point rating program.

Missouri Agricultural School

MISSOURI bankers will have their second opportunity to attend a course in agriculture and agricultural credits at the Missouri College of Agriculture in Columbia on June 15-16.

E. J. Evens, cashier, Citizens Bank, Amsterdam, and chairman of the committee on agriculture and agricultural credits of the Missouri Bankers Association, under whose leadership the school is being planned, reports that details of the school are incomplete.

Interest in last year's school prompted the committee to continue the school as an annual activity. The committee has also announced its intention of continuing its achievement and progress awards, to sponsor a program of youth activities, to encourage balanced farming rings, and to advocate soil testing laboratories. A series of articles dealing with the committee's work are scheduled to make their appearance in *The Missouri Banker*.

Michigan Study Conference

A ONE-DAY study conference on agricultural lending was held at the Michigan State College in East Lansing on April 20 under the auspices of the agricultural committee of the Michigan

Bankers Association. This, it is hoped, will be the forerunner of a two-day annual study conference in future years.

The conference was intended primarily for members of the agricultural committee, county key bankers, and other Michigan bankers interested in improving their knowledge of agricultural lending practices. Frank H. Coward, cashier, Lapeer Savings Bank, is chairman of the MBA's agricultural committee.

South Dakota Bankers' School

THE agricultural committee of the South Dakota Bankers Association sponsored a two-day Bankers Short Course and School at South Dakota State College on April 6 and 7. The first session was devoted to discussions of "Bankers' Role in Building a Prosperous Agriculture" and "An Analysis of the Various Proposed National Farm Programs."

Several speakers, mostly members of the State College faculty, covered various phases of farm management, soil conservation, and livestock at the other three sessions. A barbecue was held at an evening session. In addition to treating the banker students at this session to a stock judging contest, Franklin L. Parsons, agricultural economist of the Federal Reserve Bank of Minneapolis, spoke on "What's Ahead for Agriculture."

Carl J. Odegard, vice-president and manager, Huron Branch, Northwest Security National Bank of Sioux Falls, is chairman of the SDBA's agricultural committee.

Oregon's Youth Budget

THE Oregon Bankers Association—the 19-consecutive-year winner of the American Bankers Association's

(CONTINUED ON PAGE 136)



AMERICAN-Standard

First in heating . . . first in plumbing

What *heating and plumbing*
tell the appraiser—



As a sound banker, you doubtless know that the equipment and fixtures that go into a house are no less important than the location and construction of the property, when it comes to determining its safe mortgage loan value. If they bear names you know and respect, you are assured that the risk is a better one. And, the fact that the builder or buyer has selected American-Standard Heating Equipment and Plumbing Fixtures indicates that he is building or buying for permanence.

Yes, heating and plumbing can tell an appraiser a lot. If they are American-Standard, you can be sure they are built to last. That's why more American homes have heating and plumbing by American-Standard than by any other single company. For information about the complete American-Standard line, contact your Heating and Plumbing Contractor. **American Radiator & Standard Sanitary Corporation, P. O. Box 1226, Pittsburgh 30, Pennsylvania.**

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Serving home and industry

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BANK LAW NEWS

Legislation • Directors • Surety • Regulations

INTRASTATE AIRCRAFT

Georgia court holds that CAA has full power to require recording of title to aircraft used only within the state.

A GEORGIA court holds to the view that the title-recording provisions of the Civil Aeronautics Act apply to all civil aircraft, agrees with a New Jersey Federal District Court that to suggest otherwise is "overclamorous and undue insistence on States rights," and disagrees with the contention of the New York Supreme Court that the act has no effect on planes engaged in purely intrastate commerce.

Plaintiff bought an airplane, crashed it, and then returned it to the seller for repairs. The seller instead sold it to defendant. Plaintiff, claiming that he held title to the plane, sued defendant.

When plaintiff bought the plane, he did not receive a bill of sale on the form prescribed by the Civil Aeronautics Administration nor did he ever file evidence of ownership with that body. When defendant bought the plane, he did receive a bill of sale, forwarded it to the CAA and received from them a certificate of title.

However, plaintiff claimed that since he had only flown the plane in Georgia and did not intend to fly it elsewhere, the commerce clause of the Constitution gave the Congress no authority over

the plane. Defendant claimed that provisions of the Civil Aeronautics Act to the effect that no conveyance of an airplane shall be valid unless recorded with the CAA apply to all planes, interstate and intrastate, and therefore, that his title, recorded in compliance with the act, was superior to plaintiff's unrecorded title.

The Georgia Court of Appeals, holding for defendant, felt that if the Congress can require recording of title to a vessel which operates on a river flowing through two or more states, even though it operates only in one state, then it can "for the protection of the public" exercise the same control over an airplane operating only in one state. In reaching its decision the court quoted approvingly and extensively from the opinion in the case of *In re Veterans Air Express Co., Inc.* 76 F. Supp. 684, reported here in July 1948. *Blalock v. Brown*, 51 S.E.2d 610.

DIRECTORS AS EMPLOYEES

Commissioner of Internal Revenue holds certain bank directors not employees for Social Security tax purposes.

The Commissioner of Internal Revenue has recently held that bank directors who serve on committees created pursuant to a Federal or state statute or corporate by-laws, or pursuant to

authority vested in the board of directors, are not to be treated as employees for Social Security tax purposes.

The ruling means that such directors are not to be counted as employees for the purpose of determining whether the bank is subject to the Federal employment tax as an employer of eight or more individuals.

The Commissioner's former interpretation of the Social Security Act and the Federal Unemployment Tax Act were discussed here in June 1948.

More detailed information concerning the ruling and recovery of employment taxes paid prior to its issuance are contained in a recent special *Washington Bulletin* issued by A.B.A. General Counsel, D. J. Needham. Mimeograph Coll. No. 6381. *P.D.*, Bank Personnel §5.

RIGHTS OF SURETY

Federal circuit court holds drawee bank not liable to surety which paid depositor's loss on checks bearing forged endorsements.

In Texas, a pipe line company employee had charge of a "suspense ledger" bearing the names of people to whom his employer owed royalty payments and whose addresses were unknown. It was his duty to find their addresses, obtain checks in the proper amount from his employer, and mail the checks.

Perhaps with an eye to making his own job easier or possibly to avoid bothering these people, he neglected to mail some 46 checks, forged the payees' endorsements and cashed the checks. The drawee bank paid them without question.

The fraud was discovered in due course. A surety company which had bonded the employee made good the employer's loss and then brought suit against the drawee bank, relying first of all on a written assignment of the employer's rights against the bank, and secondly, on the theory that it auto-

(CONTINUED ON PAGE 70)

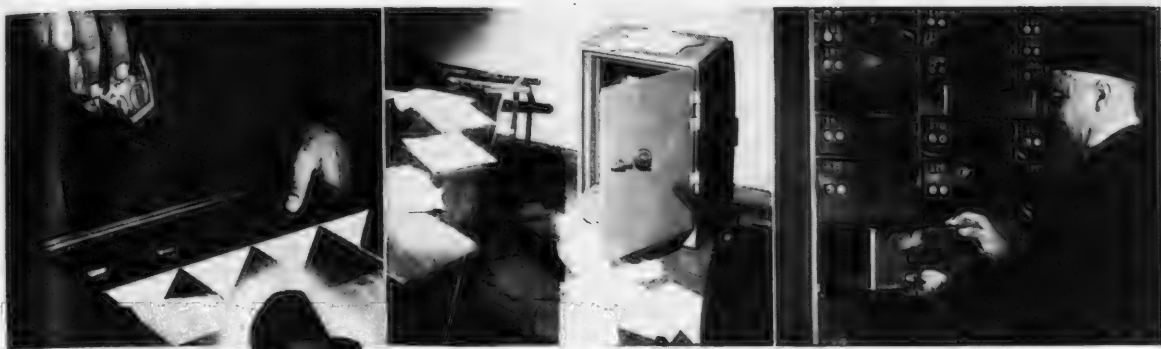
Legislative Bulletin

When BANKING went to press, the A.B.A.-Recommended Deferred Posting Statute had been enacted in 22 states, was awaiting the governor's signature in two others, and was being considered by seven more state legislatures.

So far this year, a total of 40 A.B.A. "Better Banking" statutes have been passed and 26 others are pending in various state legislatures.

Also of interest is the fact that five-day-bank-week legislation has been enacted in 1949 in nine states and is pending in three others.

A more detailed summary of these measures and of other legislation of interest to banks will appear in an early issue. Following are the deferred posting and five-day-week enactments: *Deferred Posting Statute*: Arizona, Arkansas, Colorado, Delaware, Georgia, Idaho, Indiana, Iowa, Kansas, Maine, Minnesota, Nebraska, Nevada, New Hampshire, New Mexico, North Dakota, Oregon, Oklahoma, South Carolina, South Dakota, Utah, West Virginia. *Five-Day-Week Legislation*: Arizona, Arkansas, Colorado, Georgia, Indiana, Minnesota, Oregon, Utah, Tennessee.



THIS MAN

*stands between your business
and loss from*

- ° DISHONESTY
- ° DISAPPEARANCE
- ° DESTRUCTION

With just one policy!

WHY? Because he knows how to give your business protection against loss from commonly-occurring employee dishonesty, the disappearance or destruction of money and securities . . . with the Comprehensive Dishonesty, Disappearance and Destruction Policy.

The "Three D" policy does away with several policies and bonds . . . some perhaps overlapping . . . others so widely separated as to leave dangerous loopholes.

ASK THIS MAN . . . Your local U.S.F. & G. Agent . . . about this convenient package of insurance protection. He knows what your in-

surance problems are. He is trained to recommend the coverage that meets them. Why not consult him today? There is no obligation.

U. S. F. & G.

United States Fidelity & Guaranty Co., Baltimore 3, Md.
Fidelity & Guaranty Insurance Corp., Baltimore 3, Md.
Fidelity Insurance Co. of Canada, Toronto

"Consult your Insurance
Agent or Broker



as you would your
Doctor or Lawyer."

How the Recordak Co-ordinated System reduces costs, increases protection in Community Banks



With an economical Recordak Junior Microfilmer any Community Bank can realize the same advantages that are enjoyed in a larger bank where Recordak microfilmers are installed departmentally to handle individual requirements.

● This is done by consolidating all microfilming work—following a simple, co-ordinated system which can be adapted readily to your present methods.

Here's how it works:

All incoming items (mail, teller, exchange) are collected at intervals and photographed in the Recordak Junior Microfilmer. Any clerk, as part of his daily routine, can do the job . . . recording up to 1,500 checks, deposit slips, cash tickets, etc. per hour by merely placing them on the copy board and touching the exposure buttons.

Following this, the incoming items are entered on a proof sheet . . . and distributed to the various departments.

The system also calls for the microfilming of all outgoing documents which originate in the bank—return items, customer statements, etc.

As a result, the bank has a photographically accurate and complete record of every item which it has handled . . . is therefore protected as never before against internal and external loss or fraud.

And this is only the start!

Consider, now, the savings in time, effort, dollars that are realized in your daily operations when you adopt the Recordak Co-ordinated System.

*It eliminates
description of incoming items*

Tellers no longer need enter any description on deposit slips . . . since the deposit slips themselves will be photographed along with the checks. (Many banks microfilm both sides of checks for a complete record . . . are thereby assured maximum protection.)

Results: Tellers can give faster, more efficient service at their windows—backed up, all the while, by a photographically accurate and complete record.

*It eliminates
duplication in bookkeeping*

There's only one record to post . . . there's only one posting a day. Your bookkeepers post only to a statement which serves as a ledger during the month . . . after which it is photographed and forwarded to the customer along with his checks, which were recorded as they entered the bank.

Result: Bookkeepers can handle many more accounts . . . using 40% less equipment than is required in dual-posting...far less stationery, too.

*It eliminates
description in transit*

An adding-machine tape serves as your transit letter.

Just list and total the check amounts—that's all! Description has already been taken care of . . . with the speed, the accuracy, the completeness of photography.

Result: At least 60% of the time now needed for transit work can be saved. And the job can be done by any clerk familiar with an adding machine.



It gives you these additional advantages

Free Facsimile Service. Should transit letters go astray you're fully protected and depositors are not inconvenienced. For Recordak will make facsimiles of the missing items directly from your microfilm records—without charge.

Greater Record-Protection. Your microfilm records can't be tampered with without detection. What's more, they require only 2% of the original filing space—you can keep them at your fingertips . . . or vault-store them if you wish. You can use the Recordak Junior for bank-wide micro-filming, too . . . to de-bulk old records, to copy deeds, etc.

Your records can be referred to quickly, whenever needed . . . can be viewed enlarged, sharp and clear on a projection screen, which is an integral part of the machine.

Increased Good Will. Your depositors will appreciate the greater protection . . . the new services you can offer—such as being able to provide them with facsimiles of lost cancelled checks so that they can substantiate payments. As a matter of fact, many banks are building business by advertising the advantages of being Recordak-equipped.

The Low Cost is News, too. You can obtain a Recordak Junior Microfilmer—without capital investment—at a surprisingly low monthly rental that includes free servicing, maintenance, and parts replacement.

Write today for complete information. Recordak Corporation (Subsidiary of Eastman Kodak Company), 350 Madison Avenue, New York 17, N. Y.

RECORDAK

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—and its application to banking systems.

"Recordak" is a trade-mark

Statement of Condition

MARCH 31, 1949

RESOURCES

Cash and Due from Banks.....	\$321,854,862.00
U. S. Government Securities \$872,948,948.44	
State and Municipal Securities	38,618,029.10
Other Bonds and Securities	11,163,819.74
Loans and Discounts.....	402,991,425.03
Earned Interest Receivable.....	5,410,236.68
Customers' Liability under Acceptances and L/C.....	2,385,254.70
Bank Premises	4,308,647.74
Vaults, Furniture and Fixtures.....	802,042.03
Other Assets	54,804.83
TOTAL	\$1,660,538,070.29

LIABILITIES

Capital	\$ 30,000,000.00
Surplus	30,000,000.00
Undivided Profits	24,000,000.00
Reserves for Contingencies, Interest, Taxes, Dividends	19,374,274.62
Interest Collected—Unearned	2,533,178.83
Acceptances and Letters of Credit Liability.....	2,392,676.86
Other Liabilities	168,197.31
Deposits—Time	\$641,468,434.66
—Demand	910,601,308.01
TOTAL	\$1,660,538,070.29

Securities carried at \$119,991,236.32 are pledged to secure trust funds and U. S. Government, State and other Public Monies, and for other purposes as required or permitted by law.

BOARD OF DIRECTORS

George M. Wallace, Chairman
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FOUNDED 1875

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Los Angeles-Long Beach Harbor Area—export tonnage leader of Western American ports—is served by 6 Security-First National Bank branches. When you require a banking connection here we invite you to open your account with us.

matically became subrogated to these rights when it made good the employer's loss.

The bank, first of all, claimed that the employer had waited more than a year after receipt of the canceled checks to notify it that they bore forged and unauthorized endorsements, and that the A.B.A. recommended Payment of Forged or Raised Check Statute, as enacted in modified form in Texas, provided in that case that the bank was not liable for paying the checks.

The Fifth Circuit Court of Appeals disagreed. The Texas statute covers "forged, unauthorized, raised or altered" checks. A check is "forged," said the court, when the maker's name is forged; "raised or altered" when the amount as originally executed is increased or when the body of the check as originally executed is changed; "unauthorized" when it is forged, raised or altered or when the depositor's name as maker is signed by an unauthorized "agent." Thus, said the court, the statute does not cover checks bearing forged endorsements.

However, the court agreed with the bank's second contention: that the surety could assert against the bank only such rights as the employer had, and that the employer, having recovered from the surety, no longer had any. When the employer discovered its loss "it had open to it two remedies, based on alternative rights," said the court. It could demand payment from the bank on the theory that when the bank paid the checks on forged endorsements, it paid out its own money, not its depositor's; or it could affirm the action of the bank and, on the theory that the employee had embezzled its money, recover from the surety. Assertion of the one right barred assertion of the other, and thus said the court, the employer had left no rights to assign to the surety.

The court also held that the surety could not recover through subrogation to the employer's rights, reasoning as follows: Subrogation is an equitable remedy which "seeks to place the charge where it ought to rest." Against a principal, such as the dishonest employee, the right is absolute. But against a third person, such as the bank, it is conditional and will not be enforced if that person's equities are equal or superior to those of the surety. Here, where the liability of both bank and surety arose through no fault of either, the equities were at least equal.

Whether the court then considered

BANKING

that the surety had no right of subrogation or had a right which would not be enforced, was not made clear. The result in any event was the same, and the bank won its case.

One judge dissented to the "far-reaching holding of the majority opinion that one who pays the debt of another and thereby discharges his own obligation, cannot thereupon have assigned to him the right to sue such other." *United States F. & G. Co. v. First Nat. Bank in Dallas*, 172 F. 2d 258, P.D., Forged Paper §§ 2A, 2B:17, 2B:18, 8, 9.

REGULATIONS T AND U

Regulation U, limiting bank credit for purchase of securities, held violated by broker who arranged the credit.

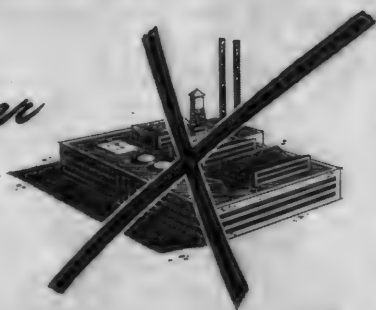
The Securities and Exchange Act gives the Board of Governors of the Federal Reserve System authority to regulate margin requirements for the purchase of securities. Sections 7 (a) and 7 (b) of the act give them authority to regulate the amount of credit that may be initially extended and subsequently maintained for that purpose, while Sections 7 (c) and 7 (d) respectively make it unlawful for dealers and brokers or for banks to extend or maintain or arrange for the maintenance of credit in contravention of the Board's regulations—which are Regulation T, affecting brokers and dealers, and Regulation U, affecting banks.

In a case before the Massachusetts Federal District Court, a bank which knowingly extended credit in excess of the amount permitted at that time by Regulation U was held to violate Section 7 (c) of the act. However, it was questioned whether a broker who had arranged for the credit committed the same violation, since Regulation U omits any mention of non-bankers arranging credit.

The court held that he had. The language and intent of Sections 7 (c) and 7 (d) are to the effect that one who violates or causes the violation of a regulation under the act, said the court, and "it would be absurd to interpret such a broad statute so that one who merely causes a violation is not guilty if the particular regulation in issue states merely that such-and-such classes of persons shall not extend credit, and the regulation fails to specify that no one shall arrange such a prohibited credit." It was thus held that if a bank credit violates Regulation U, any one who arranged the credit violates it, and if he be a broker, he violates §7 (c) of the act. *Remar v. Clayton Securities Corp.*, 81 F. Supp. 1014.

May 1949

*When This
Manufacturer
Failed*



CREDIT INSURANCE PROTECTED COMPANY A

...while Company B Lost Heavily

When a competitor discovered a process to make a better product to sell at a lower price, a metal manufacturer failed. By coincidence, two suppliers—each creditors for over \$50,000—had been contacted shortly before about AMERICAN CREDIT Insurance.

COMPANY A took out an AMERICAN CREDIT Insurance policy, and soon after the failure, received a check for its claim.

COMPANY B did not insure its receivables saying, "We only sell to million dollar accounts." They received 42c on the dollar.

American Credit Will Insure Your Customers' Profits Against Credit Losses

An increasing number of Banks are advising their customers to carry AMERICAN CREDIT Insurance. Some are insisting on this added protection before granting commercial loans. *The bank may be included as a named assured in American Credit policies without charge.*

Bank officers know that the businessman who insures his Accounts Receivable with AMERICAN CREDIT . . . is protecting the profits of his company against dangerous

credit losses . . . because AMERICAN CREDIT guarantees payments of accounts receivable.

This additional protection is always important, but particularly now with the slowing down of customer payments. *Your customers' insurance programs . . . designed to protect and conserve assets . . . are not complete unless they include Credit Insurance.*

For information about AMERICAN CREDIT Insurance, phone our office in your city. Or write American Credit Indemnity Company of New York, Dept. 45, First National Bank Building, Baltimore 2, Maryland.

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UNITED STATES AND CANADA

J. F. Fadden
PRESIDENT



GUARANTEES PAYMENT OF ACCOUNTS RECEIVABLE

Guaranty Trust Company of New York

140 Broadway
Fifth Ave. at 44th St. Madison Ave. at 60th St. Rockefeller Plaza at 50th St.
LONDON • PARIS • BRUSSELS

Condensed Statement of Condition, March 31, 1949

RESOURCES	
Cash on Hand, in Federal Reserve Bank, and	
Due from Banks and Bankers	\$ 697,335,740.28
U. S. Government Obligations	920,757,578.35
Loans and Bills Purchased	1,012,290,013.76
Public Securities	\$ 85,669,472.40
Stock of Federal Reserve Bank	9,000,000.00
Other Securities and Obligations	8,603,449.38
Credits Granted on Acceptances	10,373,456.80
Accrued Interest and Accounts	
Receivable	6,810,077.26
Real Estate Bonds and Mortgages	2,364,525.12
	122,820,980.96
Bank Premises	4,749,272.78
Other Real Estate	36,633.05
Total Resources	\$2,757,990,219.18
LIABILITIES	
Capital	\$ 100,000,000.00
Surplus Fund	200,000,000.00
Undivided Profits	69,303,268.16
Total Capital Funds	\$ 369,303,268.16
Deposits	\$2,267,890,884.65
Treasurer's Checks Outstanding	41,649,391.54
Total Deposits	2,309,540,276.19
Acceptances	\$ 15,414,998.67
Less: Own Acceptances Held	
for Investment	4,232,004.99
	\$ 11,182,993.68
Dividend Payable April 1, 1949	3,000,000.00
Items in Transit with Foreign	
Branches	707,019.45
Accounts Payable, Reserve for	
Expenses, Taxes, etc.	64,256,661.70
	79,146,674.83
Total Liabilities	\$2,757,990,219.18

Securities carried at \$132,668,672.88 in the above Statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

J. LUTHER CLEVELAND
Chairman of the Board

WILLIAM L. KLEITZ
President

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Member Federal Deposit Insurance Corporation

Illness Keeps Teller Out of Easter Pageant

From BANKING's correspondent at the all-night Easter pageant in the Wichita Mountains just outside Lawton, Oklahoma.

LANKY Millard Coody watched the twenty-fourth Wichita Mountains Easter Pageant from the sidelines. His back aching from recurrence of a previous injury, he had to be driven back to Lawton before witnessing the two scenes he was to have played as the Saviour.

Coody, who played the role of Christ in *The Lawton Story* (BANKING, April 1949), had been determined to fulfill his role in the "Good Shepherd" and "Cleansing of the Temple" scenes.

Ignoring severe pain, he declared: "I'm going out there, cast or no cast." Doctors said he would have to wear the cast for two weeks.

A dislocated vertebra had prevented Coody from walking since pageant rehearsal on the Thursday night before Easter. Lawton doctors applied a cast Saturday afternoon from his hips to his shoulders, enabling him to walk. But pain from pressure on his nerves forced Millard to return home Sunday before the pageant was over.

Rehearsed for Months

Coody's inability to play his part, for which he had rehearsed for months, was a personal disappointment and also a disappointment to other members of the cast.

But Easter Sunday also saw the religious spectacle's greatest triumph. The largest throngs in history, estimated at over 200,000 persons, mass-migrated from all over the United States to congregate on Audience Hill and see 59 smooth tableaux of the birth, life, and death of Jesus Christ.

Late Easter weather this year was kind, with a sharp wind in the early hours of the morning, but temperatures in the 60s.

Coody, the long-limbed president of the Pageant Personnel Association, made the 22-mile trip at midnight to the

(CONTINUED ON PAGE 74)

Type Your Multi-Copy Forms ...on a Non-Stop Basis



...Get 500 to 1500 sets
from one loading of
carbon paper...with the

NEW UNDERWOOD *All Electric* FANFOLD WRITING MACHINE

Apply production-line speed and economy to all of your multi-copy forms . . . right in your own office . . . with the new Underwood All Electric Fanfold Writing Machine.

You'll find this modern machine saves you time and money all along the line.

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Finally, the new Underwood All Electric Fanfold Writing Machine has been especially designed for

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COMPANY.....
YOUR NAME.....
STREET.....
CITY.....ZONE.....STATE.....

(CONTINUED FROM PAGE 72)

pageant site, with the hope of playing in the "Good Shepherd" scene at least.

Left Robe at Home

His wife, Ruth, fearing that Millard, once at the site, might also attempt the heavy action required in the "Cleansing of the Temple" scene, refused to take along his long white robe.

In "Holy City" during the service, Ruth helped with costumes for the cast of 2,000, while Millard coached J. U. Johnson of Lawton to take his part in the temple scene. Johnson had played

the role in previous years. Major Thomas Worley took Coody's part as Christ in the Good Shepherd scene.

Size of the half-mile New Jerusalem in which the annual pageant takes place makes it necessary for each role to be played by more than one person. Speaking parts are done on the loud-speaking system. Acting is in pantomime.

As Millard and Ruth drove from the pageant site in the Wichita Mountain wildlife refuge, back to their home in Lawton, the Good Shepherd scene came in over their automobile radio.

A community project rapidly becom-

ing a nationwide observance, the 1949 pageant featured 400 angels, rainbow girls, and others from communities throughout Oklahoma.

At 3 A.M. Sunday, 200 white-robed businessmen and citizens of Lawton climbed Audience Hill to take the collection in large artillery shell canisters, traditional Easter service offering vessels.

Many Bankers Help

John White, assistant cashier of the American National Bank, Lawton, was chairman of the offering committee, assisted by William F. Wulf, vice-president of American National. Exall English, president of Security Bank and Trust Company, for which Coody is teller, has been a collector for many years.

Joe L. Porter, vice-president of American National Bank, was busy all night long at the information booth atop Audience Hill.

It was the first Easter service without the presence of the little minister, Reverend Mark—Mark Wallock, founder of the service. He died last December.

The large window in his house by the side of the road, from which he watched the pageant last year, was dark and empty Sunday. But Reverend Mark's spirit lived. Some day his house by the side of the road will become a shrine. Next year Millard Coody and other cast members will be back, and so will thousands of pilgrims who attend the night-long Easter Service every year, and who return to their homes with renewed faith.

HOW WOULD YOU Rate This Risk?

**THE RISK IS A
TRUCKING COMPANY**
Its balance sheet shows
current liabilities equal
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On the surface, you'd probably reject it without further consideration. If you did, you might find later, as many banks have, that you have shut yourself off from a sound, enterprising credit outlet.

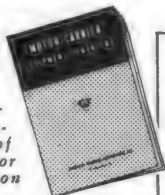
Read this comment from a study of the problem, published by one of America's conservative bank credit organizations: "A carrier with unencumbered, saleable operating property; with owners willing and able to supply additional capital or other reserve strength, may operate safely without working capital."

"Yet, even without such factors of strength, a carrier should not be judged unfavorably because it has... according to conventional accounting practice... a working capital deficit."

Motor carriers, unlike manufacturers or retailers, require relatively little working capital—but due to big equipment investments plus the constant need of increased freight capacity, offer banking opportunities of considerable scope.

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THE AMERICAN TRUCKING INDUSTRY
AMERICAN TRUCKING ASSOCIATIONS, WASHINGTON 6, D. C.

Robert M. Hanes to Europe

As this issue goes to press, word is received that Robert M. Hanes, on a year's leave of absence from the presidency of the Wachovia Bank and Trust Company, Winston-Salem, North Carolina, has gone to Europe as chief of the Marshall Plan Mission for Belgium-Luxembourg. He sailed April 25 for Brussels, where he is making his headquarters. Mr. Hanes succeeds James G. Blaine in this ECA post.

Directors of the Wachovia appointed Richard G. Stockton, senior vice-president and senior trust officer, as the bank's acting president.

Mr. Hanes is a former president of the American Bankers Association, and Mr. Stockton served as head of the Trust Division in 1940-41.

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Other Organizations

This department has just had the pleasure of welcoming the first issue of the Alaska Bankers' Association *Newsletter*. This lusty youngster of two pages, newest and most northerly of all bank association publications, has its home in Sitka.

All editors and column writers will sympathize with the *Newsletter* editor's opening words. He says:

"This is the first newsletter of the association, and it is hoped that the series will continue, and will be of interest to the members. This will require some head scratching, as it is not easy to find interesting topics to write about.

"It will be appreciated if the members will write to the secretary, giving him items for the letter, as he is going to run fresh out of ideas otherwise. Also, any criticism will help toward getting the sort of letter you want.

"So here goes."

From there on the editor takes up city taxes and the five-day week. He has a column headed "Boat Loans and Other Headaches Department," another which he calls "Ideas Department," and finally, and best of all, a "Screw Loan Applications Department."

The story told under this last heading is well worth repeating here in full. So, as the *Newsletter* editor says, here goes:

A man came in and wanted to borrow \$1,300.00. He was a former borrower and had always been good for small amounts, usually required to prepare for the fishing season. He had borrowed \$200.00 to \$400.00 in former years and had always repaid as agreed. This time he wanted \$1,300.00, so I asked him if he was planning to put a new engine in his boat, etc. "No," he wasn't planning on that. Well, did he owe some bills he wanted to clean up? "No," he wasn't owing any money, that wasn't it. He just wanted \$1,300. In fact, he wanted to borrow it to loan to a friend.

I explained that we did not usually loan money on that basis, and asked him if he owed the friend any money. "No," he said, "I don't owe him anything; matter of fact, he owes me about

\$1,500." (This was getting interesting.)

"Who is your friend?"

"Just a friend of mine."

"Does he own property? Is he going to give you some security to protect you?"

"No, he don't own anything much that I know of."

"Is he a white man?"

"No." A pause. "He just came over from Juneau."

(By this time I was getting curious as hell, so I asked him again who the "friend" was, and what it was all about.)

"Well," he said, "might as well tell you the whole story. I was on my boat and this guy comes aboard and tells me that he has got to have \$2,500.00 right now, as his sister's husband died, and he needed funeral expenses. I told him I didn't have any \$2,500.00, and he finally told me to go up to the bank and raise all I could on my boat. We finally settled for \$1,300.00."

(At this point I asked him why he wanted to stick his neck out again after having loaned various amounts totaling the \$1,500.00 he claimed the "friend" owed him.)



"One's from my wife telling me to behave; the other's from our VP telling me to have a good time."

He said, "This fellow is pretty mean, and he stuck a gun in my ribs and told me to get the money or else he would shoot me. If I did get the money he promised he would pay it back in July, and he told me he would leave the pistol with me and if he didn't pay me I could take it to the marshal's office and swear out a warrant."

I told him he didn't need a bank, what he wanted was the cops.

"Oh, I don't want to cause any trouble," he said, "but I just don't want to go back to that boat with this fellow there and not have the money for him."

I finally persuaded him that it might be better to decline the application and call the marshal.

The marshal came over, heard the story, rounded up the "friend," tossed him in the poky, and obtained a confession. Probably gave him a candy bar.


The Alaska Bankers' Association was only recently organized in Juneau, and is similar in organization to state bankers associations. Its officers are: *president*, J. F. Mullen, president of the B. M. Behrends Banks; *first vice-president*, E. E. Rasmuson, president, Bank of Alaska, Anchorage; *second vice-president*, Phil A. Johnson, vice-president, Bank of Fairbanks; *secretary-treasurer*, Harvey G. Brown, cashier, Bank of Sitka. Mr. Brown is also editor of the *Newsletter*.

Full-Time Secretary for Pennsylvania

The Council of Administration of the Pennsylvania Bankers Association has decided to set up a full-time secretarial office, and to employ a secretary to fill the position.

Simultaneously, the council expressed its appreciation for the work of Charles F. Zimmerman, president of the First National Bank, Huntingdon, who has been secretary of the PBA for the past 28 years. Mr. Zimmerman has been placed on a pension.

(CONTINUED ON PAGE 78)



Knowing where to go is half of getting what you want

A big part of the success of our services to other banks is knowing where to go and whom to see.

That's important.

It's valuable in terms of time-saving—in accuracy of information and advice—in getting things done.

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Florida Forum

In its second annual Bank Executives' Forum this month, the Florida Bankers Association, in conjunction with the University of Florida, is teaching the state's bankers the business of banking in what is described as a "unique yet highly practical" program.

The forum, held at Daytona Beach, brings nationally known speakers before the local bankers in open forum discussions. Subjects are selected after a careful survey to determine the needs of the banks, according to Floyd Call,

executive secretary of the state bankers association. The survey was made last year by the educational committee of the FBA.

The first forum, also at Daytona Beach, brought approximately 80 of the state's leading bankers to hear and participate in discussions on "The Outlook for Banking," "U. S. Government Securities," "Instalment Loans," "How to Get Business and Keep It," and "Machines and Systems."

This year's forum is expected to attract at least 100 "senior" bank officials to hear discussions of these subjects, Mr. Call said.

The forum continues for five days, with one full day given to each subject. In the morning, members will hear a nationally known speaker on the subject for the day. The speaker is followed by floor discussions. A panel of bankers is then selected to debate the subject, after which a summary is offered by the original speaker. At a dinner, the subject is again discussed academically by a member of the University of Florida staff.

The same pattern is followed through the five subjects.

One of the most interesting subjects, according to Mr. Call, has been "How to Get New Business and Keep It."

Modern banking, he said, "means mass banking and requires the development of services for mass use."

The course will teach Florida bankers the marketing, merchandising and advertising methods employed by other large businesses in the nation, plus instructions as to the most efficient and best use of bank officers' time between actual "inside" bank work and "outside" sales work.

The "Outlook for Banking" course this year Mr. Call said, is primarily concerned with study of the European situation and its probable effect on American banking and business.

A review and study of new protective devices will be part of the "Instalment Loan" course, which also will stress the importance of consumer credit to banks, investigations, etc.

In addition to discussion of the newest type of banking and bookkeeping systems, the bankers will see displays of the latest in bank machines.

Mr. Call said that the forum is the major part this year of the association's state program and was continued from the previous year because of its "complete success."



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That's part of Mercantile-Commerce correspondent service... one of many reasons why hundreds of banks throughout the nation have selected Mercantile-Commerce as their representative in St. Louis.



MEMBER FEDERAL DEPOSIT
INSURANCE CORPORATION

Inside Story

"How Does a Bank Work?" is the title of a series of booklets now being distributed by Connecticut banks. The series, copyrighted by the Connecticut Bankers Association, was developed under the direction of Joseph R. Proctor, vice-president, First National Bank, Hartford. The first three booklets are devoted to commercial banking and the final three to trust department operation. The text and artwork are attractive and readable, and each booklet is printed in two colors. The booklets are being made available to banks throughout the country.

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BANKING

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BANKING NEWS

A.B.A. Program Is Reviewed by Executive Council

Divisional and Departmental Groups Meet and Report on Varied Program Status

Officers, divisions, sections, and other units of the American Bankers Association reported on their activities at the annual spring meeting of the Executive Council of the American Bankers Association at the French Lick Springs Hotel in French Lick, Ind., on Apr. 24-26. The Council is the governing body of the Association and meets semi-annually—in the spring and again in the fall immediately preceding the A.B.A. convention.

Recent developments in the financial and economic fields were reviewed by the Council and the Association's course for the next six months was charted.

On the opening day of the meeting, the divisions, sections, commissions, councils, and committees met in executive sessions to review their respective programs and to formulate plans for the future.

Association President and Mrs. Evans Woollen, Jr., held a reception Sunday afternoon for those attending the Council meeting. Mr. Woollen is chairman of the board of the Fletcher Trust Company, Indianapolis.

Formal sessions of the Council proper were opened on Monday morning with President Woollen presiding. During the ensuing two days reports were made, as follows, by division and section presidents and chairmen of other units:

Treasurer—Frank P. Powers, president, Kanabec State Bank, Mora, Minn.

Divisions and Sections

American Institute of Banking—Pierre N. Hauser, vice-president, First Wisconsin National Bank, Milwaukee.

Graduate School of Banking—Joseph E. Hughes, president, County Trust Company, White Plains, N. Y.

National Bank—W. W. Campbell, president, National Bank of Eastern Arkansas, Forrest City.

Savings and Mortgage—W. A. Marcus, senior vice-president, American Trust Company, San Francisco.

State Association—Paul W. Albright, general secretary, Savings Banks Association of the State of New York, New York.

State Bank—Frank L. King, president, California Bank, Los Angeles.

Trust—H. M. Bardt, vice-president and senior trust officer, Bank of America, San Francisco.

Commissions, Councils, Committees

Special Activities—W. L. Hemingway, chairman of the board, Mercantile-Commerce Bank and Trust Company, St. Louis.

Agricultural—Charles T. O'Neill, vice-president and trust officer, National Bank and Trust Co., Charlottesville, Va.

Bank Management—E. V. Krick, senior vice-president and cashier, American Trust Company, San Francisco.

Commerce and Marine—Fred I. Kent, director, Bankers Trust Company, New York.

Consumer Credit—Wm. F. Kelly, vice-president, Pennsylvania Company for Banking and Trusts, Philadelphia.

Country Bank Operations—Richard W. Trefz, president, Beatrice (Nebr.) State Bank.

Credit Policy—Kenton R. Cravens, vice-president, Mercantile-Commerce Bank & Trust Co., St. Louis.

Economic Policy—W. Randolph Burgess, chairman, executive committee, The National City Bank, New York.

Federal Legislation—C. Francis Cocke, president, First National Exchange Bank, Roanoke, Va.

Finance—F. Raymond Pe-

(CONTINUED ON PAGE 81)

Survey Made by G. S. B. Alumni on What People Ask About Trust Work

Most Interest Is Found in Investment of Funds

More people are curious about the investment of trust funds than about any other single phase of the trust business. That is the conclusion drawn by Gilbert T. Stephenson, director of trust research, The Graduate School of Banking, in a new study, *What People Ask About Trust Business*.

This study is based on a survey made in 1948 by 100 G.S.B. graduates who majored in Trusts and is intended as a guide to banks in interpreting trust functions through advertising and personal contacts.

Questioned Friends

Students went to friends and asked them to prepare lists of questions which they would like to have answered about trust services. Men and women—customers, prospective customers, attorneys, and beneficiaries—people representing different points of view who knew enough about the trust business to ask searching questions, were included in the sampling.

Other Questions

After the investment of trust funds, the students found that the other phases of the trust business about which the public is most curious are: Compensation for trust services, taxes, the personal side of trust service, the safeness of trusts, living trusts, services in general, fiduciaries, small estates and trusts, and trust men and trust officers.

Replies indicated that the men and women queried had, in most cases, taken time and given thought to their questions. A total of 942 questions

New Federal Savings, Loan Regulations Are Protested by A.B.A.

Protesting against new regulations of the Federal Home Loan Bank Board which would have its member Federal Savings and Loan Associations call themselves "Federal Savings Associations," describe their shares as "savings accounts," issue "certificates of deposit," and open branch offices anywhere, the American Bankers Association charged the board with attempting to misrepresent the character of the associations, to mislead the public, to do by regulation what Congress refused to do by legislation, and to usurp the legislative prerogatives of Congress.

Misleading to Public

Characterizing the new regulations as "a deliberate attempt to mislead the public," the A.B.A. brief declared that "no basis can be found for the name, 'Federal Savings Association.' In fact, the use of this term in the proposed amended regulations runs directly counter to the express provisions of law."

The Federal Savings and Loan System has tried on two occasions to get authority from Congress to change the names of its member institutions, only to be denied that authority, the A.B.A. asserted.

"In spite of this," it added, "the Home Loan Bank Board is attempting through amendment to its rules and regulations to do precisely that which Congress refused to do. This action constitutes an unconstitutional attempt to usurp the legislative prerogatives of Congress."

were asked by 136 people in 28 towns and cities in 20 states.

The full text of this study was reprinted in the April *Trust Bulletin*.

Trust Conference Dates

The 18th annual Mid-Continent Trust Conference of the American Bankers Association will be held at the Drake Hotel, Chicago, Dec. 1-2, 1949. The Corporate Fiduciaries Association of Chicago will be host. States in the conference area are Arkansas, Colorado, Illinois, Indiana, Iowa, Kentucky, Kansas, Louisiana, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Texas, and Virginia.

A.B.A. Adds 20 Banks to Membership Roster

Twenty banks in 14 states and the Madras Presidency of India became members of the American Bankers Association during February and March. They are:

Alabama, Merchants & Farmers Bank, Millport*; Childersburg State Bank, Childersburg*

Arkansas, Merchants and Farmers Bank, West Helena.*

California, National City Bank of Long Beach*

Florida, Bank of Naples*

Georgia, Stembridge Banking Company, Milledgeville*; Montezuma Banking Company, Montezuma*

Kentucky, Citizens Union Bank, Central City; Dees Bank of Hazel, Inc.

Maryland, Peoples Loan, Savings & Deposit Bank, Cambridge

Massachusetts, Guaranty Bank & Trust Company, drive-in branch, Worcester*

New Jersey, Morristown Trust Company, Denville*

New York, Bensonhurst National Bank, Flatbush office, Brooklyn*

Ohio, First National Bank, Coshocton; Navarre Deposit Bank Company

Tennessee, First National Bank, Jefferson City

Texas, First State Bank, Abilene*; First National Bank of Monahans

Virginia, State-Planters Bank & Trust Company, Summit & Broad Office, Richmond*

India, Canara Industrial & Banking Syndicate, Ltd., Udipi, Madras Presidency

*Newly organized

Samples of Officers' Report-to-Directors Form Sent to Banks

A new five-page officers' monthly report form for use in keeping directors abreast of the bank's current condition, earnings, activities, and other pertinent information has been compiled by the Bank Management Commission of the American Bankers Association. Samples of the report were mailed to member banks last month.

The officers' report is printed on light weight paper and is loose leaf for the convenience of typists in making carbons. It includes special report forms for (1) comparative statement of condition; (2) reserve position; (3) balance sheet ratios; (4) bonds by maturity; (5) earnings; (6) losses and charge-offs; (7) recoveries and non-recurring profits; (8) important loans granted and bonds purchased; (9) outstanding loan commitments; (10) large loan payments and bond sales; (11) applications for new loans in sizable amounts; (12) loans for attention of board, including loans previously criticized by examiners, past due 30 days or over, etc.; (13) overdrafts over a given amount; (14) important new and closed accounts; (15) number of checking and savings accounts and safe deposit boxes rented; and (16) miscellaneous.

This form can be purchased in quantity.

Spring "School Saver" Distributed to Banks

The spring issue of *School Saver*, published by the Committee on School Savings Banking of the A.B.A. Savings and Mortgage Division, has been distributed.

This quarterly newspaper is designed to help banks cultivate savings habits in children of school age and their parents. Each copy can be imprinted with the name of the distributing bank and localized as a publication of the bank.

Included in the current issue are several news stories of interest to children, an editorial, a hobbies column, a column on books, two cross-word puzzles, and several other games. Short articles deal with the origin of such expressions as "pin money" and "salt it away."

F. C. Ellerton, senior general manager, Barclays Bank Ltd., and vice-president, The Institute of Bankers, London, right, visiting with Executive Manager Harold Stonier, left, and Economist W. A. Irwin, center, at A.B.A. headquarters in New York



Executive Council Holds Spring Session

(CONTINUED FROM PAGE 80)

terson, chairman, First National Bank & Trust Co., Paterson, N. J.

Government Borrowing—Robert V. Fleming, president, The Riggs National Bank, Washington, D. C.

Insurance and Protective—George C. Bennett, assistant comptroller, Bankers Trust Company, New York.

Organization—Max Stieg, cashier, Dairyman's State Bank, Clintonville, Wisc.

Public Relations—J. Lowell Lafferty, vice-president, Republic National Bank, Dallas.

Research—James C. Shelor, vice-president, Fulton National Bank, Atlanta.

Savings and Armed Forces Leave Bond Redemption—C. Edgar Johnson, vice-president, First National Bank, Chicago.

Service for War Veterans—Robert C. Downie, president, Peoples First National Bank and Trust Co., Pittsburgh.

Small Business Credit—Everett D. Reese, president, Park National Bank, Newark, O.

State Legislation—Hayes Picklesimer, executive vice-president, Kanawha Valley Bank, Charleston, W. Va.

Treasury Savings Bonds—H. Frederick Hagemann, Jr., president, Rockland-Atlas National Bank, Boston.

President Woollen presided at the traditional family dinner on Monday evening, which was followed by the awarding of golf prizes by Men's Golf Chairman Fred I. Kent. The evening was concluded with a concert by The Foster-Hall Quartet, a unique organization which has been singing together for 36 years.

Official actions of the Executive Council will be reported in June BANKING.

Trust Business Benefits From Consultations With Government Agency Men

The policy of closer cooperation between trust companies and Government agencies concerned with examining trust departments has produced very beneficial results, according to officials of the Trust Division of the American Bankers Association.

In 1945 and 1946 Gilbert T. Stephenson, director of the trust research department of The Graduate School of Banking, organized meetings in each Federal Reserve district in which supervisory authorities participated. This was the beginning of the program for bringing trust men and Government supervisory agency representatives together to discuss policies and exchange views and information.

Two former A.B.A. Trust Division presidents, James W. Allison, vice-president, Equitable Trust Company, Wilmington, and Carl W. Fenninger, vice-president, Provident Trust Company, Philadelphia, represent the trust company viewpoint on the Subcommittee on Relations with Supervisory Agencies of the Committee on Trust Policies. Representatives and alternates from the four Government agency groups serving on the subcommittee are as follows:

Supervisory Men

State Banking Departments: L. K. Elmore, secretary of the National Association of Supervisors of State Banks and Deputy Bank Commissioner of the State of Connecticut, with F. J. Ludemann, Deputy Superintendent of the New York State Banking Department, as alternate.

(CONTINUED ON PAGE 82)

Direct Mail Folders on Thrift, Checking, and Safe Deposit Completed

Cicero's maxim, "The beginnings of all things are small" (Omnium enim rerum principia parva sunt), could have been the inspiration for the A.B.A. Advertising Department's new direct mail folder *Only a Dollar But . . .*

This thrift folder is a companion piece to a series of 18 newspaper ads and six two-sided 6" x 9" counter display cards. This promotion trio drives home the central theme: "By saving even small amounts regularly, you can get the worth-while things of life."

Two other new direct mail folders prepared by the Advertising Department are devoted to safe deposit and checking account services. *Ways to Get More Value Out of Your Checking Account*, through using pen drawings and simple captions, points up the convenience of a checking account. In *How Safe Are Your Valuables* the hazards of home "safe keeping" are emphasized with text and illustrations.

Trust Business Benefits

(CONTINUED FROM PAGE 81)

Board of Governors of the Federal Reserve System: George Sloan, assistant chief, Division of Examinations, with Robert C. Masters, also Division of Examinations, as alternate.

Federal Deposit Insurance Corporation: J. Anton Conner, Review Section chief, with Charles B. Aycock, counsel, as alternate.

Comptroller of the Currency: J. William Hudspeth, Third Deputy Comptroller of the Currency, with Trevor V. Roberts, Office of the Comptroller, as alternate.

Messrs. Elmore, Conner, and Masters, in addition to J. L. Robertson, First Deputy Comptroller of the Currency, were speakers at the Midwinter Trust Conference in New York.

New Folder

A four-page folder, "The Bank Customer Inquires," issued by the Savings and Mortgage Division of the American Bankers Association, outlines the history, purposes and powers of Federal savings and

VA Handbook Mailed to A.B.A. Members

The Committee on Service for War Veterans of the American Bankers Association has mailed to all A.B.A. members copies of the new "Lenders Handbook," published by the Veterans Administration. The distribution was announced by Robert C. Downie, president of the Peoples First National Bank and Trust Company, Pittsburgh, Pa., who is chairman of the Committee.

The handbook includes the regulations applicable to loans guaranteed or insured under Title III of the Servicemen's Readjustment Act of 1944, revised through December 15, 1948; and the provisions of Title III itself.

loan associations, how their capital is obtained, and the conditions of payment of insurance to shareholders.

This folder is intended for distribution to employees and customers who may be interested in learning the difference between savings and loan associations and banks.

A.I.B. District Public Speaking Contests Held

"Building Public Relations through Complete Banking Service" was the subject for the eight-district public speaking contests of the American Institute of Banking, held during April.

Winners will compete in the National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes to be held May 30 at the Institute's national convention in Portland, Ore.

Second Phase

The district competitions were the second phase of the A.I.B.'s public speaking program. Contests within individual chapters, using the subject, "Banking Education as a Basis for Effective Public Relations," were held from March 5 through March 26. In these, participants were chosen for the district contests, with each chapter permitted one entry.

The phase of the general subject, "Public Relations," to be used for the national contest will be announced at the Portland convention.

CALENDAR

American Bankers Association

May 30	A.I.B., Annual Convention, Hotel Multnomah, Portland, Ore.
June 3	Graduate School of Banking, Rutgers University, New Brunswick, N. J.
June 20-22	Western Regional Trust Conference, Hotel Utah, Salt Lake City, Utah
Oct. 30-Nov. 2	Annual Convention, San Francisco, Calif.

State Associations

May 2-3	North Carolina, The Carolina, Pinehurst
May 5-6	Oklahoma, Mayo Hotel, Tulsa
May 6-7	South Dakota, Alonzo Ward Hotel, Aberdeen
May 9-10	Maryland, Hotel Traymore, Atlantic City, N. J.
May 9-10	South Carolina, Ocean Forest Hotel, Myrtle Beach
May 9-11	Missouri, Hotel Muehlebach, Kansas City
May 10-11	Tennessee, Hermitage Hotel, Nashville
May 11-12	Indiana, Claypool Hotel, Indianapolis
May 12	Delaware, Wilmington Country Club, Wilmington
May 12-13	Massachusetts, New Ocean House, Swampscott
May 12-14	New Jersey, Hotel Traymore, Atlantic City
May 13-14	Alabama, Jefferson Davis Hotel, Montgomery
May 17-18	Mississippi, Buena Vista Hotel, Biloxi
May 18-20	Kansas, Kansas City, Mo.
May 18-20	Pennsylvania, Hotel Traymore, Atlantic City, N. J.
May 22-24	California, Huntington Hotel, Pasadena
May 23-25	Arkansas, Arlington Hotel, Hot Springs
May 23-25	Texas, Texas Hotel, Fort Worth
May 25-26	Ohio, Netherland Plaza Hotel, Cincinnati
*June 3-4	New Hampshire, Wentworth-By-The-Sea, Portsmouth
*June 3-4	Savings Banks Association of New Hampshire, Wentworth-By-The-Sea, Portsmouth
June 5-7	Oregon, Hotel Multnomah, Portland
June 6-7	Utah, Sun Valley Lodge, Sun Valley, Idaho
June 8-9	Minnesota, Hotel St. Paul, St. Paul
June 9-11	Wyoming, Casper
June 13-14	Idaho, Shore Lodge, McCall
June 16-17	Illinois, Hotel Jefferson, St. Louis, Mo.
June 16-19	District of Columbia, The Greenbrier, White Sulphur Springs, W. Va.

June 16-18	Michigan, Hotel Statler, Detroit
June 16-19	New York, Monmouth & Essex & Sussex Hotels, Spring Lake, N. J.
June 17-18	North Dakota, Clarence Parker Hotel, Minot
June 17-18	Vermont, Equinox House, Manchester
June 18	Nevada, Reno
June 20-21	Washington, Davenport Hotel, Spokane
June 20-22	Wisconsin, Schroeder Hotel, Milwaukee
June 23-25	Colorado, Hotel Colorado, Glenwood Springs
June 23-25	Montana, Old Faithful Inn, Yellowstone Park
June 24-25	Connecticut, Equinox Hotel, Manchester, Vt.
June 24-25	Savings Banks Association of New Jersey, Nassau Tavern, Princeton
June 24-26	Maine, Poland Spring House, Poland Springs
June 27-29	Virginia, The Homestead, Hot Springs, Ark.
Aug. 25-27	West Virginia, The Greenbrier, White Sulphur Springs
Sept. 11-14	Savings Banks Association of Maine, Marshall House, York Harbor
Oct. 9-11	Kentucky, Brown Hotel, Louisville
Oct. 16-17	Savings Banks Association of Connecticut, Mountain View House, Whitefield, N. H.
Oct. 17-19	Iowa, Hotel Fort Des Moines, Des Moines

* Joint Meeting

Other Organizations

May 12-14	National Association of Mutual Savings Banks, Hotel Statler, Washington, D. C.
May 22-25	American Industrial Bankers Assn., Hotel Gibson, Cincinnati, Ohio
May 25-28	Eastern Regional Conference, National Association of Bank Auditors and Comptrollers, Mayflower, Washington, D. C.
Sept. 19-21	Mortgage Bankers Association, Palmer House, Chicago
Sept. 25-28	Consumer Bankers Association, Edgewater Gulf Hotel, Edgewater Park, Miss.
Oct. 19-22	Financial Public Relations Association, Edgewater Beach Hotel, Chicago, Ill.
Oct. 23-26	National Association of Bank Auditors and Comptrollers, Bellevue-Stratford Hotel, Philadelphia, Pa.

G.S.B. Faculty and Alumni Meet

VOCATIONAL educational traditions were shattered in more ways than one when The Graduate School of Banking was founded in 1935. The school itself, which has served as the pattern for a number of kindred institutions, marked the opening of a new epoch in instruction for senior executives.

The hail-fellow cordiality pervading relations of the faculty with students and alumni is another example of the school's tradition-smashing. This cordiality is exemplified in the informality carrying through every phase of the school's activity. Nowhere was it better illustrated than at the annual faculty-alumni reunion dinner in New York early this spring.

Reunion Dinner

The 1949 reunion dinner—the 12th—was held at the Hotel Biltmore and was attended by about 230 alumni and 56 members of the faculty and administrative staff. Arrangements for the dinner were under the direction of the Class of 1947, of which G. Russell Clark, manager, New York Clearing House Association, is president. John W. Arthur, Jr., of the Bank of New York and Fifth Avenue Bank, acted as general arrangements chairman.

The dinner, following as it did the annual spring faculty luncheon and conference and the afternoon alumni refresher conferences on each of the school's major courses, by and large was kept at the entertainment level.

Brief talks on the school's curriculum, faculty, and student body were made by Dr. Harold Stonier, executive manager of the American Bankers Association and director of The Graduate



G.S.B. TOP COMMAND: Dr. Stonier, second from left, discussing with the faculty plans for the 1949 resident session. Others, left to right, A.B.A. Economist and G.S.B. Associate Director William A. Irwin; Eugene E. Agger, G.S.B. associate director and director, bureau of economics and business research, Rutgers University; Norman C. Miller, associate director, G.S.B., and dean of University College and University Extension Division, Rutgers U.; A.B.A. Vice-president F. Raymond Peterson; and Joseph E. Hughes, chairman, G.S.B. Board of Regents. Registrar Powers was out of range when picture was shot

School; William Powers, A.B.A. deputy manager and G.S.B. registrar; and A.L.M. Wiggins, chairman of the board, Atlantic Coast Line and Louisville and Nashville Railroads, and chairman, Bank of Hartsville, South Carolina. Mr. Wiggins is also a member of the G.S.B. faculty.

Dr. Stonier pointed to the fluid nature of the G.S.B. curriculum, which fluidity, he said, equips its students to meet changing conditions in the financial and economic fields. He warned against static thinking and emphasized the great need for flexibility in approaching changes as they arise in banking.

Demand for Admission

Demand for admission to The Gradu-

ate School of Banking is greater today than at any time since its founding, Mr. Powers told the faculty and alumni. This condition exists, he said, despite the general leveling of demand for entrance to colleges and universities.

More than 950 students have been enrolled for the 15th annual resident session of the school in New Brunswick, New Jersey, from June 20 to July 2, said Mr. Powers. Of these, more than 300 will be freshmen students, who will be the beneficiaries of the long experience gained in the administration of the G.S.B., in developing its faculty, and in the evolution of its curriculum.

Men who applied for admission in 1949 and who could not be accommodated at the school, will complete most

FACULTY

COMMERCIAL BANKING V, left to right, Louis J. Asterita, A.B.A. staff; Carl M. Flora, Milwaukee; T. Allen Glenn, Jr., Norristown, Pa.; Albert Wagenfuhr, St. Louis; Carlisle R. Davis, Richmond, Va.; Harry C. Culshaw, Philadelphia; S. Guernsey Jones, Newark; Alex Wall, Pittsburgh; W. B. French, A.B.A. deputy manager

INVESTMENTS, left to right, John S. Linen, Orange, New Jersey; Robert Coltman, Philadelphia; Falkner C. Broach, Tulsa, Oklahoma; Murray Olyphant, New York; Dr. Eugene E. Agger, New Brunswick, New Jersey; T. J. Herbert, Chicago; Joseph E. Morris, New York; and Paul I. Wren, Boston, Massachusetts





ECONOMICS, left to right, R. S. Alexander, Columbia University, New York; A. Anton Friedrich, New York University, New York; Monfort Jones, University of Pittsburgh; Willard E. Atkins, New York U.; and Dr. William A. Irwin, A.B.A. economist



COMMERCIAL BANKING IV, left to right, Harold E. Zarker, Perth Amboy, New Jersey; A. Paul Thompson, Cleveland; George R. Amy, A.B.A. deputy manager; Harold E. Randall, Boston; J. J. Driscoll, Jr., Philadelphia; M. C. Miller, A.B.A. deputy manager

of the 1950 registration roster, he said.

Mr. Powers also spoke of the increased emphasis being placed this year on the preparation for and writing of the thesis, which every candidate for the diploma issued jointly by Rutgers University and The Graduate School of Banking must submit. Other requirements for graduation include attendance by a student at three resident sessions, satisfactory completion of prescribed extension assignments; and passing an oral examination based upon his thesis.

Entertainment

After concentrating for several hours on the serious side of banking and G.S.B. curriculum planning, alumni and faculty were ready for some fun. Deviating from previous years, when the dinner was concluded in time for those wishing to do so to attend a Broadway hit, this year's dinner was followed by some vaudeville skits. Two of the skits included audience participation and created unusual interest and merriment.

A lady M. C. called up 14 alumni and faculty men—fat and lean ones, short and tall ones—and put them through a stiff regimen of dance steps and harmony tunes. She made a hit with her uncanny memory of names when meting out disciplinary action.

(CONTINUED ON PAGE 134)

ALUMNI

Speakers at **SAVINGS MANAGEMENT** session, Chairman F. H. Morris, New York; Dr. Yale Laitin, Chicago (Personnel Selection); C. J. Lyon, Hartford (Bond Portfolio); and Rand Brownell (Mortgage Portfolio). Henry Rider, Schenectady (Operations) does not appear in the picture




Speakers at **INVESTMENT** session, left to right, J. E. Morris, New York (The Bond Market and Our Investment Accounts); Chairman E. J. Livesey, Brooklyn; and Arthur Jansen, New York (Railroad Securities as a Field for Bank and Trust Investment). Another speaker, Phillips Barbour, New York (Revenue Bonds and How to Judge Them), does not appear in photograph



COMMERCIAL BANKING session audience, left, listening to speakers at right, who are, left to right, M. J. Drake, Detroit (Credit Problems in the Light of Current Developments); Chairman P. R. Vervoort, New York; and H. J. Marshall, New York (Public Relations—It's the Little Things that Count). Another speaker, J. S. Brown, New York (Current Personnel Trends) does not appear in picture

PHOTOS BY CHARLES AGUIS





Western Savings and Mortgage Conference

A Western Savings and Mortgage Conference audience

LINDEN L. D. CLARK, vice-president of The Anglo California National Bank and chairman of the General Conference Committee, welcomed more than 400 bankers from eight states to the Western Savings and Mortgage Conference of the American Bankers Association in San Francisco.

The first session of the conference got under way in a competitive spirit when two questionnaires, of 20 questions each on FHA and GI procedures and regulations, were handed out to the bankers. The tests were designed to give the delegates a broader knowledge and understanding of lending practices under the FHA and GI programs.

Answers to the questions were prepared by the staffs of the Federal Housing Administration and were available to the bankers at the final session.

Two cash prizes of \$25 each were offered for the best quiz paper and both

were won by V. R. Steffensen, vice-president of the First Security Bank of Utah N. A., Salt Lake City. Spencer W. Bugbee, vice-president of the Citizens National Trust & Savings Bank, Los Angeles, presented the prizes.

Speaking on trends in the savings and mortgage business, William A. Marcus, A.B.A. Savings and Mortgage Division president, pointed out that while traditionally banks have maintained leadership among thrift institutions and still hold the largest block of savings (\$57.3-billion), they are losing ground to the more rapid growth of savings in life insurance and to savings in shares of savings and loan associations.

Bank savings deposits increased \$1-billion in 1948, savings and loan deposits \$1.1-billion, and life insurance \$2.6-billion, Mr. Marcus said. "There is something wrong with us if we fail to maintain our leadership or let our competitors show relatively greater gains

than we show in our race for the saver's dollar," he said.

Rowland R. McElvare, Division vice-president and senior executive vice-president, Bank for Savings, New York, spoke on merchandising savings and mortgage business. Although conceding that an advertising agency can be helpful if it is genuinely promotion-minded and not penalized financially, Mr. McElvare said that the bank should be responsible for originating ideas and for their basic execution.

"We need to know first where our business comes from," he said. "Immediately that sets the pattern of our merchandising activities. For one bank, the market may be literally on the doorstep. For another, the field may be some rapidly expanding suburb or some industrial concern.

"We are concerned with things that will increase the number of persons who come into the bank. The nature and

General Session and Mortgage Loan Committee Speakers

Left to right, R. D. Smith, San Francisco; R. D. Burrows, Los Angeles; Rowland R. McElvare, New York; R. L. Adams, Berkeley; Division President Marcus (senior vice-president, American Trust Company), San Francisco; Stuart C. Frazier, Seattle; L. L. D. Stark, San Francisco; J. R. Jones, Los Angeles; H. A. Dutcher, Los Angeles; E. A. Gohrband, Portland, Oregon; and H. J. Mendon, Los Angeles





Mr. Bugbee presenting quiz prizes to two-time winner Steffensen

variety of services offered is one factor.

"Lobby space and windows are the raw materials ready at hand with no additional cost. In using them, the bank should adapt department store techniques to its own requirements."

Speaking on savings and mortgage promotion, John B. Mack, A.B.A. deputy manager in charge of advertising and public relations, said that A.B.A. surveys of bank advertising have revealed a "growing awareness of the need for strong thrift leadership. In 1946, the commercial banks placed savings in tenth position in listing the services they would advertise. In 1947, savings moved up to eighth place. In 1948, savings made a dramatic leap into second position. Now our 1949 survey shows that savings are closely tied with checking accounts for first place in advertising emphasis."

An appeal to commercial bankers to charge the head of the mortgage department with responsibility for the savings function was made by J. R. Dunkerley, A.B.A. deputy manager and secretary of the Savings and Mortgage Division. He also appealed to mortgage men to prepare themselves for this type of responsibility in order to develop leadership second to none in the field. He deplored the fact that the savings function is considered very simple and unimportant in some commercial banks and that it is often headed by a super-annuated employee who has nothing to do with determining policy.

In a discussion of the human side of mortgage servicing, Thomas L. Nims, Savings and Mortgage Division assistant secretary, said that "early training and development of employees is a primary step."

Franklin D. Richards, commissioner of the Federal Housing Administration, believes 1949 may be a near-record year for home construction. He listed six factors as the basis of this conclusion:

- (1) Waiting market for low-cost houses;
- (2) individual incomes are high;
- (3) good employment opportunities;
- (4) building industry is geared to production;
- (5) builders have learned new techniques and are eager to find new economies; and
- (6) adequate funds are available to finance construction.

"The outlook for mortgage credit available for GI loans shows signs of improving during coming months," said Thomas B. King, director, loan guaranty service, Veterans Administration.

PPRICE rather than availability is the cause of continued unsatisfied demand for housing, Evans Woollen, Jr., A.B.A. president, told the conference.

Mr. Woollen stated that mutual savings banks increased their mortgage loans from \$4.8-billion in 1938 to \$5.6-billion at the end of 1948. Commercial banks increased their holdings in mortgage loans during the same period from \$3.8-billion to \$11-billion.

Raymond D. Smith, vice-president, San Francisco Real Estate Board, said that the Department of Commerce estimates that in 1939 the average tenant paid about 12.5 percent of his income for shelter. This has declined to 8.2 percent, or about one-third.

"The FHA has set from 20 percent to 25 percent of monthly take-home pay as proper for the servicing of loans for those purchasing their own homes," said Mr. Smith. "Contrast this with the 12.5 percent paid as rent by those with no investment."

"You have a right to expect the appraiser to make a careful estimate of the rental which can reasonably be expected on the basis of the population of the market area, the spendable income of its residents, the normal expectancy for increase or decrease in this volume of available business, and the type of merchandise that will move," said R. Douglas Burrows, vice-president and chief

appraiser, Security-First National Bank, Los Angeles, in a discussion of what should be expected of an appraiser.

A mortgage loan committee examined the lending policies of the hypothetical Main Street Bank during the final conference session. With total assets of \$40-million, the bank has 40 percent of its \$20-million in thrift deposits invested in mortgages. The mortgage holdings breakdown discloses that the bank has \$2.5-million in conventional loans; \$4-million in FHA loans; and \$1.5-million in veterans loans (FHA and secondary).

Policy decisions arrived at by the committee included the following points:

(1) Although the bank at present has a fairly high ratio of mortgage loans to savings deposits, the annual mortgage pay-off is substantial and the bank should continue actively to take care of at least the mortgage requirements of its regular customers.

(2) A policy of maintaining adequate general reserves against possible future losses shall be continued.

(3) The policy of maintaining a conservative attitude towards property appraisals for mortgage purposes is reaffirmed.

(4) Applications for veterans loans shall be encouraged, and emphasis placed on adequate security and credit responsibility.

(5) Extraordinary efforts will be made to finance veterans loans to fulfill the housing needs of paraplegic veterans who are regular customers of the bank.

The field of farm mortgage lending was covered in a speech by Professor Richard L. Adams of the University of California and at a farm mortgage luncheon, presided over by Jesse W. Tapp, vice-president, Bank of America. (See page 137 for Tapp excerpts.) Speakers emphasized the need of financial co-operation with farmers.

Farm mortgage credit luncheon speakers, left to right, seated, Mr. Adams; Mr. Tapp; standing, Crol Wright, regional representative, Equitable Life Assurance Society, New York; and Alex Johnston, Farm Bureau Federation, Berkeley.



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1. FACILITIES

California Bank has complete facilities and the machinery to handle your items quickly and at all points in the West. Twenty-four hour transit service, extensive use of air mail, and our network of correspondents are factors in our fast, personal service.

2. SERVICE

Most important is our determination to serve you well.

Send us your credit inquiries, stock and bond transactions and collections. You can depend upon this bank to take care of the unusual—as well as the usual—needs of your bank and your customers.

FRANK L. KING

President

T. E. IVEY, JR.

Vice President

RUDOLPH OSTENGAARD

Assistant Vice President

GARDNER TURRILL

Assistant Vice President

F. M. ARMITAGE

Assistant Cashier

California Bank

Los Angeles

BANKS AND BANKERS DEPARTMENT
MAIN OFFICE: 625 SOUTH SPRING STREET

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

World Business

(CONTINUED FROM PAGE 51)

production but also of intense competition from other dollar-hungry countries. Of all United States imports in 1948 this country [Britain] accounted for the whole of bicycles, between 90 and 100 percent of cars, woolen hosiery and blankets, 80 to 90 percent of silverware, 70 to 80 percent of worsted cloth, and 60 to 70 percent of whiskey, knitted outerwear, linen towels and so on. We are the major exporters into the United States of a very wide range of manufactures.

While considerable progress has been made in merchandise exports to the dollar area, in invisibles the United Kingdom still has a large deficit, as compared with a prewar surplus. This deficit ECA has been meeting. Without ERP Britain's balance of payments problem would have been grave. While there has been much progress toward a balance, much still remains to be done.

Exchange Control Leakages

The UK's dollar earnings would be larger, were it not for the loss of certain transit trade, i.e., British exports to the United States of goods produced else-

where in the sterling area. Wool, hides, and rubber are examples. Formerly such goods went largely through Britain. Nowadays, as is well known in business circles, such products, bought with sterling from "transferable accounts" or otherwise acquired, are being shipped directly to the United States, and the dollar proceeds are not going to the UK.

According to the *Wall Street Journal*, the nub of the problem is that sterling, with an official par of \$4, is available in many parts of the world at about 15 percent discount; in other words, that sterling is overvalued. The British Government is worried about the matter and the Chancellor of the Exchequer has described the above type of transactions as one which "twists trade out of its normal channels, is damaging the position of sterling, and the government is approaching members of the transferable account area as the opportunity offers with a view to stopping it." Some American importers, too, would like to see the illegal or "grey" trade stopped, because they are having to meet new competition. The newspaper quotes one New York hide importer as saying that the banks he deals with comply with the Bank of England's controls, but that he is fed up:

"My competitors, through smaller banks, have bought hides with low-priced sterling—and from my own agents in Australia. They've even sold the hides to my customers in the U. S."

NAM Opposes ITO Charter

The International Trade Organization, that "other pillar" blueprinted at the Bretton Woods Conference and later perfected at Havana, has yet to draw its first breath. At their March meeting the directors of the National Association of Manufacturers unanimously voted NAM opposition to U. S. ratification of the Havana Charter. For the interested committees in the Congress the NAM spelled out six reasons for its opposition. NAM, which originally "enthusiastically embraced the notion of establishing an ITO," finds that the present draft charter sanctions principles in complete opposition to the principles of freer, nondiscriminatory, multilateral trade; places America's foreign trade in a precarious position; makes it impossible for the U. S. to make other efforts to attain this goal; leaves the door open to cartels, monopolies and commodity agreements; "makes the world safe for socialistic planning"; and fails to encourage international investment. Not a fulfillment of the original hopes, the ITO charter is

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United National Bank

of Cleveland

CLEVELAND 4, OHIO

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"the cause of their complete frustration," NAM holds.

Some other organizations, such as the National Foreign Trade Council, have evidenced various degrees of doubt about the charter, and what the Senate will do about it is not yet predictable. The Administration is more hopeful about extension of the Trade Agreements program, which the House has already passed, after elimination of those 80th Congress innovations, as desired by the Administration.

Mexican Maneuvers

Petroleos Mexicanos (PEMEX), the Mexican Government corporation formed to operate the nationalized foreign oil properties more than a decade ago, seems on the road to getting substantial financial aid from the U. S. Government, to judge by recent news. Whether PEMEX will get the full \$450-million of Export-Import Bank money it has been seeking since last summer remains to be seen. Military reasons for aid to PEMEX have doubtless been persuasive with the Congressmen who have visited Mexico as the guests of PEMEX, although the exploration and development program under discussion would take quite a while to reach maturity.

Last August members of the House Interstate and Foreign Commerce Committee under Chairman Charles A. Wolverton (R., N. J.) spent several weeks in Mexico. In response to a separate invitation the Committee's present chairman, Robert Crosser (D., O.) made a return visit at Christmas. President Truman on March 31 announced his blessings to any loan to PEMEX approved by the various Government agencies then studying it; and the State Department, earlier unreceptive, promptly issued a press statement revealing that the project submitted by PEMEX is being examined. Meanwhile a group of American independents has disclosed the signing with PEMEX of an exploration and development contract, to implement which the Mexican American Independent Company is being formed. "To-day's contract joins Mexican and United States technical skills and provides necessary private capital in the highly important job of developing Mexico's great petroleum resources," the group stated.

To implement President Truman's "Point IV," Mexico meanwhile is readying other projects.

Tasca's Task

Early in April Henry J. Tasca, the U. S. alternate executive director of the

World Fund, sailed for Europe as director of the trade and payments branch of ECA's Office of Special Representative in Paris. In this post the 36-year-old former Treasury representative replaces Thomas H. McKittrick, who has resumed his position with the Chase National Bank in New York. An interesting and unexplained line in the official announcement states that Tasca retains his affiliation with the Fund.

It will be recalled that several times Secretary of the Treasury John W. Snyder has stated that some European currencies are ripe for devaluation. Yet

the awaited devaluations do not occur. Presumably the U. S. exerts what influence it has through the Fund to bring about the desired devaluations, but without success. The Fund is pretty powerless in this regard. Under its Articles of Agreement it can initiate discussions with a member, looking toward devaluation, only if that member is using the Fund's resources unwisely. But by Fund policy during ERP's life ERP countries are not in normal course expected to borrow from the Fund. In other words, despite its large resources, the Fund really has no "sanctions" to bring to bear on its



STATEMENT OF CONDITION APRIL 11, 1949

RESOURCES

Cash and Due from Banks	\$106,764,856.66
U. S. Government Securities	41,495,752.42
State, Municipal and Other Securities	1,142,400.68
Stock in Federal Reserve Bank	750,000.00
Loans and Discounts	138,276,606.53
Bills of Exchange & Commodity Loans	14,497,758.01
Bank Premises and Equipment	2,815,569.11
Customers' Liability—Acceptances & Letters of Credit	4,036,205.56
TOTAL	\$309,779,148.97

LIABILITIES

Capital	\$12,000,000.00	
Surplus	13,000,000.00	25,000,000.00
Undivided Profits		2,419,168.27
Reserve for Contingencies		1,763,426.17
Reserve for Taxes, etc.		1,161,955.58
Acceptances and Letters of Credit		4,036,205.56
Deposits:		
Individual	197,337,046.72	
Banks	75,107,196.03	
U. S. Government	2,954,150.64	275,398,393.39
TOTAL		\$309,779,148.97

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

European members. In this regard, the Fund is less influential by far than the U. S., which could withhold ECA dollars if it had the necessary determination.

This might be the assignment of Mr. Tasca who, coming fresh from Washington with an intimate knowledge of how the NAC feels about certain exchange rates, and speaking for ECA as well, is now in a position to talk turkey.

Belgium Accepts Belgian Francs!

Belgium's decision in March to accept at par Belgian franc notes repatriated from abroad caused brief shivers in the exchange control offices of some

other countries. If every country were to stand ready to redeem in goods all its notes circulating abroad,—well! A quick result of the Belgian decision was almost to eliminate the difference in quotations for Belgian banknotes and drafts at par. Belgium has been experiencing a certain degree of unemployment. Allowing foreigners to buy Belgian goods with francs sent to Belgium from abroad will tend to ease the unemployment. But so, too, would devaluation of the franc. A major obstacle to the sale of Belgian merchandise in the United States has been the high price of such goods when converted

into dollars. There may be prestige for Belgium in having a currency regarded as "hard"; but there are disadvantages in making it too hard to get. Belgium, incidentally, is not the only European country thus handicapped in its efforts to sell in the dollar-sphere.

The American Market

ECA Administrator Paul Hoffman keeps reminding his European clients of the prizes to be won by analyzing and really cultivating the American market for imported goods. The British seem to have taken Hoffman's counsel to heart. But most of the ERP countries are content to use their traditional methods in offering their goods here, unless ECA will make dollars available for salesmanship purposes. That, however, is precisely what various American businessmen and farmers with a stake in exporting are determined to prevent. It is an old story. If the outside world is ever to make itself independent of American gifts and loans, it will be over the dead bodies of these economic protectionists. And that won't be soon.

If now, when the country is prosperous, imports are difficult to sell because of their high prices or inadequate selling methods, the situation will be much more difficult, when and if another depression hits the United States.

Counterfeit Gold

Press reports from Switzerland suggest that counterfeit American gold coins have made their appearance in European black markets, where coins of that metal have a premium over bullion, ounce for ounce. The novel feature of this rumored counterfeiting is that the coins are reportedly of full weight and fineness. The counterfeiters can afford to be generous in this regard, considering the high premium prices obtainable in the black markets. It is believed in Washington that there are few places in Europe with the facilities to turn out good imitations of the old eagle and double eagle.

While "counterfeit" money made of the real thing can be profitably produced and marketed in Europe, in China "real" money now has so little value it is not worth the trouble of printing, much less counterfeiting. This is the considered judgment of the job-printing department of Shanghai's American-owned *Post-Mercury*. Although paper money was invented in China, centuries ago, this lesson of printing-press inflation is not confined to Chinese experience, having had a full try-out in Europe after World War I.



PROTECTION OF COLLATERAL IS ESSENTIAL

THE diligent banker makes certain that the insurance on goods in transit will adequately cover the loan if damage occurs. This calls for close cooperation between the banker and the Hometown Agent. When the name on the policy is Fireman's Fund, there is an additional "right to feel secure."



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FIREMAN'S FUND INSURANCE COMPANY

HOME FIRE & MARINE

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INSURANCE COMPANY

FIREMAN'S FUND

INDEMNITY COMPANY

★

WESTERN NATIONAL

INDEMNITY COMPANY

SAN FRANCISCO • NEW YORK • CHICAGO • BOSTON • ATLANTA • LOS ANGELES

Savings Bond Redemptions

AN enormous number and amount of U. S. Treasury Savings Bonds will mature within the next 10 years, C. Edgar Johnson, chairman, Committee on Savings and Armed Forces Leave Bond Redemption, reported to the A.B.A.'s Executive Council at its French Lick, Indiana, meeting.

At current redemption values, Series D bonds outstanding amount to \$2.1-billion and reach maturity in 1949, 1950, and 1951, the Johnson report said. There are more than 500 million Series E bonds outstanding amounting to \$32.8-billion, which will reach maturity between 1951 and 1959.

At present values, E bond maturities in 1952 total \$4-billion; in 1953, they total \$5.8-billion; in 1954, the peak year for E bond maturities, they total \$6.6-billion; and in 1955, they total \$5.2-billion, a total of \$21.6-billion in the four-year period.

Total maturities of bonds cashable through paying agents during the next 10 years will exceed \$35-billion at current redemption values, said the Bond Redemption Committee.

Armed Forces Leave Bonds outstanding total a little less than \$500-million.

The largest number and amount of redemptions of E bonds came in the year 1946, when they amounted to \$5.4-billion. In 1947, redemptions decreased to \$3.9-billion, and, in 1948, decreased to \$3.7-billion.

From the beginning of the redemption program in October 1944, when banks were first authorized to cash Savings Bonds, through December 1948, paying agents cashed 550 million Savings Bonds amounting to \$20-billion.



(PATENTS PENDING)

Here is a New Idea!

It concerns GOODWILL ADVERTISING for your BANK and is designed on a NO-COST-TO-YOU-BASIS!

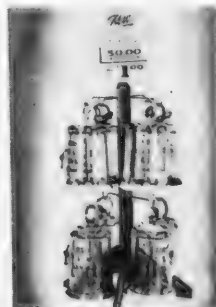
Our proposal centers around our VISIBLE COIN BANK of new design where one can "See What You Save." The Bank holds \$50.00 in assorted coins and it's impossible to shake money out through the slot. This Novelty Coin Bank is made of Durable Glass and Copper Plated Steel which has been given a high polish. Baked into the clear glass barrel of the Bank in Red Letters is the Advertisement of Your Bank! It comes complete with High Grade Padlock, two keys.

Write for
FREE SAMPLE!
No obligation to buy

Here is what other Banks are doing with this item. Instead of following the Old Way where the Banker keeps the keys and contends with the grief of counting the change, we suggest using the New Method. Sell the little Bank outright to the customer for \$1.00, which is your cost. The two keys go with the Bank. Allow the customer to save for whatever reason he wishes . . . let him count the money and bring it into your Bank and start a Savings Account or save for any other purpose he desires. This idea is proving very popular. This is a Budget Bank, grown-ups like it, especially the women. This is an item for banks which would retail for \$2.00 if offered through stores.

So as to solve the problem of Effective Sales Display, we furnish with each initial order one or more DISPLAY RACKS holding 8 Banks complete with Descriptive Placard that Silently tells the Story.

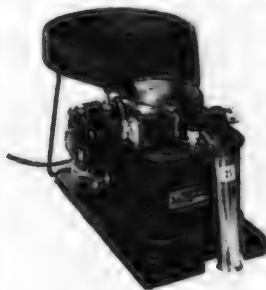
The First Old State Bank of Elkhart, Indiana, sold eleven of these Banks to their Customers the first day they were displayed. It continues a most popular item with them as with others and they are creating a great amount of GOODWILL while Effectively carrying their ADVERTISING into the Home.



THE BOWER MFG. CO. Goshen
Indiana



"THE KING SPENDS LESS TIME IN THE COUNTING HOUSE NOW
THAT HE HAS A KLOPP COIN COUNTER AND PACKAGER!"



MODEL "DE"
Electrically
operated . . . \$300.00

TWO MODELS

MODEL "D"
Manually
operated . . . \$185.50

Federal Excise Tax Included

KLOPP ENGINEERING
5736 TWELFTH STREET DETROIT 8, MICHIGAN

STATEMENT OF CONDITION

SEATTLE-FIRST NATIONAL BANK

AT CLOSE OF BUSINESS APRIL 11, 1949

RESOURCES

	TOTALS	
Cash and Due from Banks.....	\$170,474,110.39	
United States Government Securities.....	196,555,699.92	
Obligations of Federal Agencies.....	9,233,396.25	
State and Municipal Securities.....	59,251,031.57	
Other Bonds and Securities.....	2,776,680.46	\$438,290,918.59
Loans and Discounts.....	195,152,201.85	
Federal Reserve Bank Stock.....	600,000.00	
Bank Buildings, Vaults, Furniture and Fixtures, etc.	3,455,418.72	
Interest Earned Not Received.....	2,232,090.74	
Customers' Liability under Letters of Credit and Acceptances.....	1,505,814.47	
TOTAL.....		<u>\$641,236,444.37</u>

LIABILITIES

Capital Stock.....	\$ 10,000,000.00	
Surplus.....	10,000,000.00	
Undivided Profits.....	6,177,887.05	
Reserves for Contingencies.....	5,718,565.73	\$ 31,896,452.78
Reserves for Interest, Taxes, etc.....	1,525,916.66	
Discount Collected Not Earned.....	1,290,445.73	
Letters of Credit and Acceptances.....	1,505,814.47	
Deposits.....	605,017,814.73	
TOTAL.....		<u>\$641,236,444.37</u>

BOARD OF DIRECTORS

LAWRENCE M. ARNOLD	THOS. F. GLEED	B. A. PERHAM
J. H. BALLINGER	P. E. HARRIS	W. G. REED
HENRY BRODERICK	L. C. HENRY	WILBUR W. SCRUBY
FRANK H. BROWNELL, JR.	CHARLES H. INGRAM	ALFRED SHEMAUSKI
CHARLES F. CLISE	W. M. JENKINS	ELBRIDGE H. STUART
EARL D. DORAN	ERIC A. JOHNSTON	J. A. SWALWELL
JOEL E. FERRIS	RICHARD E. LANG	GEORGE VAN WATERS
O. D. FISHER	CLARENCE D. MARTIN	KATHERYN WILSON
	RUSSELL MILLER	



ESTABLISHED 1870

Member Federal Deposit Insurance Corporation

Other Securities

(CONTINUED FROM PAGE 57)

argued that the handling of Government obligations of any sort—without which the magnitude of the last war financing would have been impossible—resembles underwriting in the sense of the Banking Act.

The President's approval of the legislation would be a very important step for the entire banking community in the United States. The Government securities markets would remain virtually untouched by this development, too, since total outstandings of even say \$7-billion could not be expected to have any appreciable influence on the total volume of Government securities outstanding and on dealings, as long as the total debt is of as large proportions as it is at present.

**Comptroller on
Revenue Bonds**

It is a coincidence that, at the time when the housing and slum clearance bill is up for national consideration, the office of the Comptroller of the Currency has seen fit to outline its position on revenue bonds as proper investment for national banks. In the first place, the Comptroller makes it clear that he does not frown upon such investments, as rumors have indicated.

However, emphasis is placed in the memorandum on credit soundness of the issuing municipality or state, and Washington blessings on revenue bonds are not to be considered "a carte blanche for investment in such securities."

The Comptroller's memo calls for informed credit judgment in determining quality of revenue bonds. His analogy is a bank loan, and he says no bank will extend money without a proper credit investigation. Likewise, he suggests that credit files be set up and maintained for other borrowers, "whether corporate, general municipal or special revenue" credit seekers.

In this connection a few laudatory remarks are sent in the direction of the Investment Bankers Association's revenue bond report form which is to be distributed for use in the near future. "It represents," according to the Comptroller, "a thoughtful attempt to set forth essential financial facts in an orderly and comprehensible fashion which, as a running record, will go far to reduce the credit soundness intangibles and enable banks to acquire obligations on an informed and intelligent basis—obligations which are demonstrably sound."

Famous American Homes

Conference House

Scene of a Momentous Meeting

"Good claret, good bread, cold ham, tongues and mutton" were served by Admiral Lord Howe when three Signers of the Declaration of Independence visited him on September 11, 1776. The occasion, however, was not a social meeting, but the first peace conference of the United States, arranged by the British in the hope of ending the Revolution.

The meeting place was the home of the Billopp family on Staten Island in New York harbor. The three Signers whom Congress authorized to hear Admiral Howe's proposition were Benjamin Franklin, John Adams

and Edward Rutledge. Despite the gravity of the situation, all three committeemen conducted themselves with the utmost good nature and parried Howe's remarks with witty rejoinders which evidently baffled him. When he declared that if America were to fall, "I should feel and lament it like the loss of a brother," Franklin replied with a bow and a smile, "We will use our utmost endeavors to save your lordship that mortification." The admiral completely missed the point.

The conference soon ended, for Admiral Howe's basis for peace was the colonists' abandonment of independence, while the delegates emphatically refused to consider such terms.

Built before 1688, though the exact date is unknown, the Billopp house was old even at the time of the conference. The property was granted in 1676 to Christopher Billopp, captain in the British Navy, and remained in his family's possession for many years.

When the British occupied Staten Island during the Revolution, the house was owned by Colonel Christopher Billopp, the captain's great-grandson, and was being used as a barracks at the time of the peace conference. Suspected of Loyalist sympathies, Billopp was twice taken from his home and temporarily put in irons. On one of these occasions, after watching him through a spyglass from a church steeple in nearby Perth Amboy, a band of patriots rowed



This old print, showing rear view of the house, is evidence that restoration was highly necessary

across and took him captive.

Fortunately, the thick fieldstone walls of the Conference House have withstood the ravages of time and mistreatment, and it has been restored through the generosity of various organizations and private donors. It is now owned by New York City and is maintained by the Conference House Association as a memorial to the three committeemen and their re-affirmation of the Declaration of Independence.

* * *

The Home, through its agents and brokers, is America's leading insurance protector of American Homes and the Homes of American Industry.

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Home Office: 59 Maiden Lane, New York 8, N.Y.

FIRE • AUTOMOBILE • MARINE

The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity & Surety Bonds



The three American delegates hear Howe's ultimatum

Government Bonds

(CONTINUED FROM PAGE 57)

bilized at just a little bit more than 1.16 per cent. While "every little bit added to what you've got makes just a little bit more," no extra dividends will be paid as a result.

Scarcity Factors

While there were periods when Federal funds were available for a few days under 1 per cent for the most part they were scarce and commanded $1\frac{5}{8}$ per cent or more. Two factors contributed in producing the scarcity: one, the continued decline in the total amount of Government bonds held by the Federal Reserve; two, the rise in the Treasury balance at the Federal Reserve banks as a result of income tax payments, always heaviest in the first quarter and particularly so in the latter half of March. The Treasury balance at the Federal, which had fallen to \$471-million on March 15, rose to nearly \$1,900-million before the end of the month. Member bank reserve balances on March 30 were \$1,220-million less than on December 29 as a result of the changes in the factors affecting such balances shown in Table A.

The decline in money in circulation was the only sizable offset to factors tending to decrease Reserve Bank balances.

The word "sell" is not strictly accurate because the lapse of three months caused some issues to drop automatically from the longer to the shorter categories. However, during the period what was owned showed the following changes between December 29 and March 30.

\$1,715-million less of the "over 5 year" issues	
112- " " " " "2 to 5 year" "	
385- " " " " "1-2 year" "	
486- " more " " "to 1 year" "	

Long Decline

The amount of the longer issues declined for 17 consecutive weeks for a total of over \$1,900-million. Should loans continue to decline during the second quarter a further decrease in the Federal Reserve holdings of the longer and better yielding bonds would seem a reasonable expectation.

By the end of March, business loans had declined for 11 consecutive weeks and, while seasonal, the decline has been of sufficient magnitude to raise the question as to whether the all-time high of over \$45½-billion of loans reported at the end of December 1948 may not have marked the beginning of

TABLE A

<i>Factors decreasing balances</i>	
Federal Reserve Governments.....	- \$1,519 million
Other Reserve Bank credit.....	- 260 "
Treasury deposits at Federal.....	+ 395 "
Non member " " " ".....	+ 102 "
	\$2,276 "
<i>Factors increasing balances</i>	
Loans discounts and advances.....	+ \$ 43 million
Gold stock.....	+ 75 "
Treasury currency.....	- 6 "
Money in circulation.....	- 922 "
Treasury cash.....	- 9 "
	\$1,055 "
Decline in member bank reserve balances	\$1,220 million
(The \$1-million discrepancy is due to rounding the figures)	

TABLE B

	1948	Change for first quarter + or -	1949
Business loans.....	\$233 million	-	\$657 million
Loans to carry securities.....	8 "	+	184 "
Real estate loans.....	156 "	+	21 "
Loans to banks.....	109 "	+	67 "
Consumer loans.....	100 "	-	95 "
	\$124 million	-	\$480 million

a long term trend toward lower figures.

Comparison of the loan changes in the first quarter of 1948 and 1949 respectively brings out the accentuation of the declining tendency. The figures compare as shown in Table B.

Eliminating loans to carry securities, and loans to banks, the total of business, real estate and consumer loans declined \$731-million so far this year contrasted with an increase of \$23-million last year.

"Family Night"

THE Lincoln Rochester Trust Company of Rochester, New York, reports that its recent "Family Night" program was a big success. The party brought more than 1,000 employees and their families to the bank and its branches for an evening of entertainment and good fellowship.

Faced with the problem of linking together the people of 17 offices in six western New York communities for a reception and entertainment, the bank

obtained the cooperation of the two telephone companies serving the area so that the program, originating at the main office, could be heard simultaneously in outlying branches.

Newspapers played up the family aspects of the party in illustrated stories.

Each out-of-town office had its own family reception which was linked with the program at the main office by the telephone hookup. The entertainment features were broadcast.

A youngster gives an impromptu performance as visitors gather in the lobby of the Lincoln Rochester Trust Company for the "Family Night" party



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If it's IBM...
it is electric



As natural as the application of electric power to communications or mass production is the application of electricity to typing.

IBM, pioneer in this development, has engineered the IBM Electric Typewriter to bring economy to the modern office through the advantages of speed, uniform quality, and ease of operation.

A light touch operates all keys on the

IBM Electric Typewriter—including carriage return, tabulator, backspacer, and shift. Uniformity of appearance—regardless of the typist's touch—is assured by the built-in impression control. The easily-adjusted multiple copy control provides for one or many legible carbons.

The IBM representative nearest you will demonstrate the many new features of the IBM Electric Typewriter.

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International Business Machines Corporation, World Headquarters Building, 590 Madison Avenue, New York 22, N. Y.

Recapitulation of Banking Figures

TOTAL bank deposits in the nation's banks have declined approximately \$1-billion in the past year, according to R. L. Polk & Company, Detroit, publishers of *Polk's Bankers Encyclopedia*. Total deposits last December 31 were \$162,855,108,288, compared with \$163,917,229,918 a year earlier.

Data on the nation's 14,803 banks and their 4,596 branches

show a total capital account of \$13,049,547,251, compared with \$12,471,638,238 a year before. Total resources as of December 31, 1948, were \$177,093,334,237, compared with \$177,450,146,262 at the end of 1947.

The tabulation below is one of those which appears in the latest edition of the *Encyclopedia*, also known as *The Bank Directory*, published annually by the Polk organization.

A Classified List of BANKS and BANKERS of the UNITED STATES, together with RECAPITULATION of the BANKING FIGURES as of December 31, 1948 by STATES and TERRITORIES

State	National Banks	National Bank Branches	State Banks and Trust Co.'s	State Banks and Trust Co.'s Branches	Private Banks	* Federal Banks	* Federal Branches	Other Banking Institutions	Other Banking Institution Branches	Total Banks	Total Branches	Capital Account	Deposits	Total Resources
Alabama.....	69	21	156	1			1			225	23	\$ 86,827,420	\$ 1,256,713,441	\$ 1,348,295,644
Alaska.....	4		14	1	1					19	1	5,066,865	64,450,216	69,558,251
Arizona.....	3	32	7	11				3	1	13	44	22,820,257	422,775,446	449,982,530
Arkansas.....	51	1	173	19		1	1			225	21	51,327,058	804,066,795	856,182,710
California.....	95	729	108	179		4	2	2	7	209	917	840,563,435	13,294,759,042	14,294,559,240
Colorado.....	77		67				1	1		145	1	64,129,052	1,017,767,943	1,083,089,882
Connecticut.....	51	10	140	20	3			1		195	30	285,955,063	2,764,636,081	3,067,301,548
Delaware.....	13		28	15						41	15	63,207,372	517,026,989	582,026,647
Dist. of Columbia...	10	20	10	16						20	36	70,440,557	1,020,073,312	1,095,465,685
Florida.....	61		128	1				1	1	190	2	111,162,146	1,655,265,328	1,770,040,109
Georgia.....	51	20	281	8	59	1		4	1	396	29	118,184,192	1,675,294,313	1,807,538,848
Hawaiian Islands...	1	20	8	24						9	44	34,053,242	412,437,028	457,925,807
Idaho.....	15	45	30	7						45	52	21,732,003	437,098,156	459,138,986
Illinois.....	382		501			2		4	1	889	1	783,139,921	11,806,346,209	12,645,209,572
Indiana.....	124	26	359	71	7	1		4	1	495	98	189,283,988	3,044,934,542	3,246,409,914
Iowa.....	98		558	162	10	1		1		668	162	140,089,076	2,259,244,289	2,403,429,036
Kansas.....	174		436			3		2		615		98,745,499	1,646,610,252	1,748,528,445
Kentucky.....	92	17	295	20		2	1	1		390	38	114,631,375	1,612,501,320	1,735,202,602
Louisiana.....	35	33	126	33		2	1			163	67	91,460,285	1,707,536,037	1,807,063,328
Maine.....	33	8	63	63						96	71	73,658,127	688,821,580	765,741,647
Maryland.....	61	17	111	107		2	1			174	125	166,177,062	1,857,977,187	2,029,640,060
Massachusetts.....	119	87	258	416		4		3	1	384	204	768,999,679	7,398,936,595	8,232,738,153
Michigan.....	78	77	357	140	13			1		448	218	304,427,336	4,954,001,418	5,310,609,990
Minnesota.....	179	6	503			3		1		686	6	200,111,127	2,970,969,546	3,181,844,822
Mississippi.....	24	4	179	57						203	61	47,550,921	818,136,761	867,471,635
Missouri.....	79		520			4		1		604		273,649,537	4,189,110,651	4,476,636,703
Montana.....	39		73				1			112	1	25,273,696	576,412,192	602,787,426
Nebraska.....	126		290			2	1			418	1	76,142,994	1,290,385,561	1,376,190,274
Nevada.....	5	12	3	6						8	18	9,566,778	164,252,438	174,288,846
New Hampshire.....	51	1	59	2						110	3	63,920,314	534,543,173	599,837,327
New Jersey.....	211	44	149	103						360	147	389,111,641	4,921,125,120	5,329,807,205
New Mexico.....	24	2	25	10						49	12	15,163,039	307,501,481	323,130,866
New York.....	386	202	392	615	4	2	1	5		789	818	4,113,241,019	41,750,215,461	46,325,054,381
North Carolina.....	46	19	180	106		1	1			227	186	122,959,453	1,827,511,940	1,959,599,947
North Dakota.....	41		109	24				1		151	24	31,330,241	597,492,169	630,377,013
Ohio.....	241	53	421	149	6	2	1			670	203	477,764,468	7,332,073,136	7,855,415,990
Oklahoma.....	200		186					1	1	387	1	108,779,282	1,610,174,313	1,725,732,247
Oregon.....	21	82	47	8				2	2	70	93	81,510,763	1,335,447,944	1,426,134,999
Pennsylvania.....	637	102	341	77	10	2	2		4	900	185	1,194,999,963	10,895,142,517	12,135,504,135
Rhode Island.....	8	11	19	43						27	54	98,615,009	976,813,511	1,082,912,661
South Carolina.....	24	28	1125	11	1	2				152	39	39,951,966	683,674,470	725,734,812
South Dakota.....	35	20	135	28						170	48	26,954,541	514,263,041	542,833,035
Tennessee.....	72	40	220	41				2	4	296	83	125,466,169	1,940,869,615	2,073,638,640
Texas.....	438		446		18	3	3	2		907	3	390,351,539	6,346,249,176	6,783,498,539
Utah.....	11	16	44	8				1		55	25	35,959,372	565,519,637	602,809,132
Vermont.....	39	2	38	17						77	19	36,326,157	327,914,605	366,807,892
Virginia.....	131	29	183	59		1				315	88	149,974,346	1,823,147,521	1,978,556,472
Washington.....	37	113	86	14		2	1		1	125	129	120,738,704	2,076,541,808	2,204,937,885
West Virginia.....	75		105					1		181		77,875,456	942,843,567	1,025,637,345
Wisconsin.....	95	15	460	135						555	150	195,590,687	2,960,443,058	3,178,854,109
Wyoming.....	26		29							55		14,587,059	257,060,357	272,082,356
Totals.....	4,998	1,964	9,581	2,587	132	17	27	45	18	14,803	4,596	\$13,049,547,251	\$162,855,108,288	\$177,093,334,237

* Federal Reserve Banks, Federal Intermediate Credit Banks, Federal Land Banks, Federal Home Loan Banks and their Branches. Statement figures of these banks are not included in the Capital Account, Deposit and Total Resources figures.

† Includes 54 Trust Companies and 190 Savings Banks.

‡ Includes 59 Trust Company Branches and 39 Savings Bank Branches. Iowa Branch totals include 162 Offices.

§ Wisconsin State Branches include 130 Stations.

¶ Includes 24 Depository Banks.

‡ Includes 4 Trust Companies; corporations organized under an Act entitled "An Act in relation to corporations for pecuniary profit."

Dorothy Lamour says . . .

"I like The Shamrock because . . .



You'd think that after playing so many screen parts in a sarong I'd be at home only 'neath a coconut palm. Well, nothing could be further from the way I feel. I revel in the luxurious comfort of a hotel like The Shamrock. I like the restful appeal of its interior designing . . . the thrilling atmosphere of the dining and ballrooms. I enjoy the excitement of a night . . . or a long series of nights . . . among people who come to The Shamrock from all over the nation; yes, celebrities and just plain folks . . . I like to be with them all. I like The Shamrock because it does so much for you to make life there a wonderful adventure.'

*In Houston, you are cordially invited
to live at*

The Shamrock

A GLENN McCARTHY ENTERPRISE

• Single rooms
from \$6 up



HEARD ALONG MAIN STREET



150th Anniversary

BIRTHDAY No. 150 rolled around last month for New York's BANK OF THE MANHATTAN COMPANY, and the bank topped off a week of festivities by taking 14,000 persons to the circus.

The 2,500 employees and their families were guests of the institution at an evening performance of "the greatest show on earth" in Madison Square Garden. It happens that the theme of this year's circus pageant is "Birthday," and the management saw to it that the Manhattan's anniversary got special recognition. Elephants carrying "Many Happy Returns" banners paraded around the arena, and a tableau of girls formed the traditional birthday cake.

J. Stewart Baker, chairman of the bank's board, welcomed the Manhattanites and introduced two employees, B. D. Forster and Henry Mann, who have been on the staff since the bank celebrated its 100th anniversary.

The Manhattan started life in 1799 as a water company formed, at Aaron Burr's suggestion, to serve the 60,000 New Yorkers. The fire hazard and the fear of yellow fever were responsible for the organization of the Manhattan Company which during nearly half a century distributed well water through hollowed logs.



A few of the Bank of the Manhattan Company's birthday guests at the circus

The company got its state charter on April 2, 1799. The \$2-million capital was subscribed, at \$50 a share, by 376 persons. In a few weeks it became apparent that the capital was more than adequate for the water system, so the company's directors resolved to use the surplus "in discounting proper securities." The banking venture proved successful, although the water service did not, and the latter was discontinued in 1842 when the city acquired its own system.

The only bank in which both New York City and New York State are stockholders, Manhattan has been a city depository since 1804 and a state transfer agent since 1818. One of its outstanding achievements was helping to finance the Erie Canal.

Assets totaled \$1,681,396 at the close of the bank's first year. On the 150th birthday a statement showed resources of \$1,166,906,551, and the shareholders numbered more than 29,000.

The bank's present skyscraper home, 40 Wall Street, is on the site of the old water company's office.

Mitchell Succeeds Dupuis

WILLIAM A. MITCHELL, vice-president and member of the executive committee of J. P. Morgan & Co., Inc.,



C. W. Dupuis



W. A. Mitchell

New York, has accepted an invitation to become president of the Central Trust Company of Cincinnati, succeeding CHARLES W. DUPUIS.

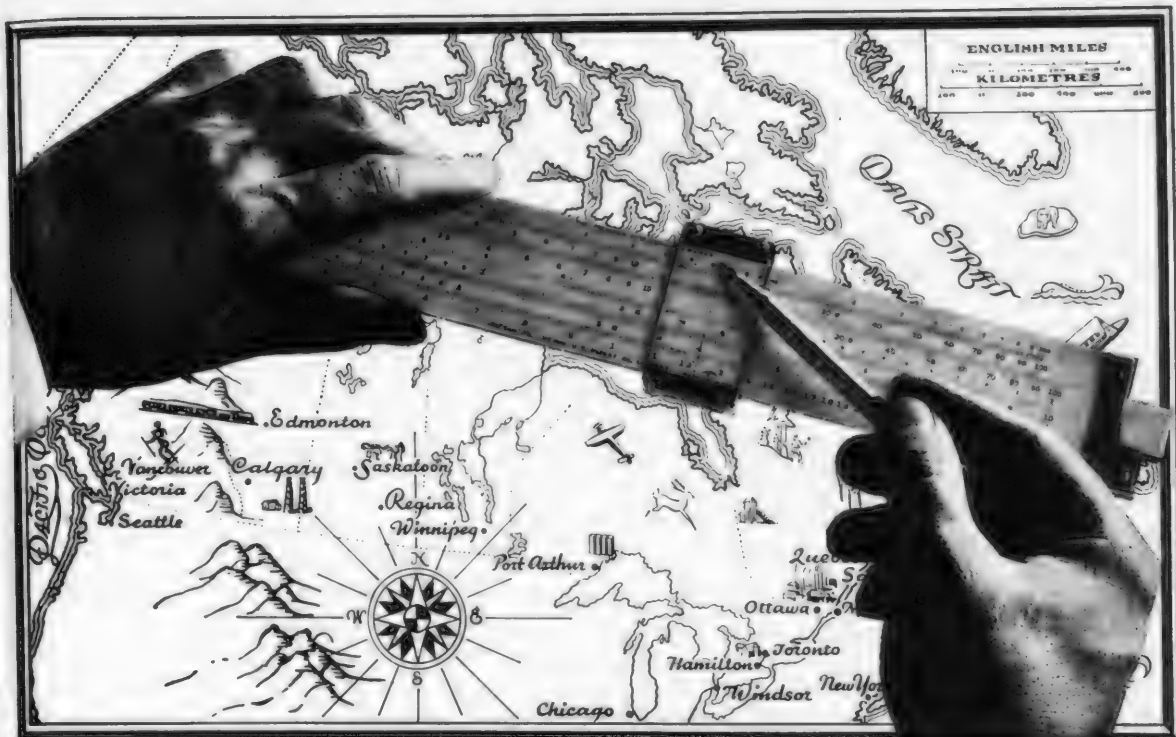
The announcement of the change said that shareholders of Central Trust were being asked to create the office of chairman of the board and that Mr. DUPUIS, president for 22 years, would take over the new position. Mr. MITCHELL, who is president of the Reserve City Bankers Association, will be chief executive officer of the trust company. THOMAS M. CONROY continues as executive vice-president.

Mr. MITCHELL came to the Morgan bank in 1925 and was made a partner in 1939. He had previously been with the Royal Bank of Canada in various capacities, including that of senior officer in the Paris branch and later in a supervisory position in the head office at Montreal.

Mr. DUPUIS, who requested that he be relieved of his presidential duties, is particularly well known for his activity in the American Institute of Banking during its formative years in the early part of the century. He was the first president of Cincinnati Chapter, and helped establish night classes in finance, commercial law, and accounting at the University of Cincinnati. For his work in commercial education the university in 1922 awarded him the honorary degree of Master of Arts.

He began his banking career as a messenger with the Western Bank & Trust

(CONTINUED ON PAGE 100)



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(CONTINUED FROM PAGE 98)

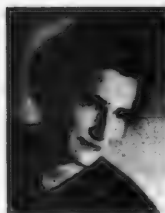
Company in 1892. In 1920 he became president of the Citizens National Bank. When it was merged with the Fourth and Central Trust Company to form the present institution he was made president.

Tait Heads Stromberg-Carlson

ROBERT C. TAIT, vice-president of the Mellon National Bank and Trust Company of Pittsburgh and formerly vice-president of the Genesee Valley Trust Company of Rochester, New



R. C. Tait



H. L. Buttenwieser

York, has returned to the latter city as president of the Stromberg-Carlson Company.

Mr. TAIT has been active in the work of the American Bankers Association as a member of the Bank Management Commission and has also been on the

faculty of The Graduate School of Banking. He is a native of Rochester and an alumnus of Princeton University, class of 1922.

In his new position he succeeded Dr. RAY H. MANSON, retired.

Woman on New York Bank Board

WHEN MRS. HELEN L. BUTTENWIESER was elected a trustee of Title Guarantee and Trust Company of New York recently, newspapers said it was the first time a woman had been placed on the board of a prominent New York bank.

Mrs. BUTTENWIESER is a member of a New York law firm. Since her graduation from law school in 1936 her legal work has covered a wide range, including activities in the fields of charity and philanthropy in addition to her practice of business and corporation law.

During the war she was on the panel of arbitrators of the War Labor Board and at present is on similar panels of the State Board of Mediation and the American Arbitration Association. She has been on the Board of Child Welfare, New York City, the staff of the Legal Aid Society, and active in various committees of other legal organizations.

A Banker at 98

THE distinction of being possibly the oldest active banker in the United States goes to HENRY B. LITTLE, of Newburyport, Massachusetts.

Mr. LITTLE was reelected president of the Institution for Savings for the 50th year on his 98th birthday which he celebrated recently. Spry and alert, he has seen his bank grow in assets as Newburyport, a seaport town, has expanded in business and industry. He has been with the Institution 63 years, or more than half of its 120-year existence.

Mr. LITTLE spends the usual bank hours at his desk. He has continued his banking affiliations, although he retired 15 years ago as a shoe manufacturer after 50 years in that business.

He admits he has no hobby, except keeping track of his family, which includes four children, 14 grandchildren, and 15 great grandchildren.

Princeton Plans a Rentschler Chair

PRINCETON UNIVERSITY plans to establish a professorship in economics in memory of the late GORDON S. RENTSCHLER, Princeton graduate and trustee, and chairman of the board of

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the National City Bank of New York. Funds for the endowed chair are now being raised by a group of friends of Mr. RENTSCHLER. The objective is \$300,000.

Dr. Harold W. Dodds, president of the university, said the group of sponsors hoped to perpetuate, through the professorship, the principles and characteristics of Mr. RENTSCHLER's life. These, he said, include "broad human interest and basic integrity, warm sympathy and searching realism."

To obtain funds for the endowment, an Organization Committee of Friends of Gordon S. Rentschler has been formed with offices in New York City. The group is composed of 10 prominent men, including William G. Brady, present chairman of the National City Bank.

Mr. RENTSCHLER, who died suddenly in Havana, Cuba, on March 3, 1948, at the age of 63, had been associated with the bank since 1923. He became president in 1929 and chairman of the board in 1940.

Professor MONTFORT JONES of the University of Pittsburgh and The Graduate School of Banking faculties was guest of honor at a recent forum dinner given by Pittsburgh Chapter, American Institute of Banking, in recognition of his services to the chapter over many years. ROBERT C. DOWNIE, president of Peoples First National Bank & Trust Company, presided at the dinner, which was attended by more than 600 bankers and businessmen. Professor JONES received a gift of luggage and a bound volume of congratulatory messages.

FRANK T. HODGDON, formerly vice-president and cashier of The Farmers & Merchants Bank & Trust Company of Hannibal, Missouri, has been elected president, succeeding the late JOHN T. HOLMES.

MAPLE T. HARL, chairman of the Federal Deposit Insurance Corporation, and EVERETT H. FIXLEY, vice-president of the Mellon National Bank and Trust Company, Pittsburgh, have joined the directorate of the Glenn L. Martin Company, Baltimore aircraft manufacturer.

M. T. Harl

E. H. Fixley



Richard S. Hawes

RICHARD S. HAWES, a banker for 53 years and president of the American Bankers Association in 1919-20, died of heart disease at his home in St. Louis on March 23. He was 75 years old.

Mr. HAWES was born in Covington, Kentucky. He was the grandson of Richard Hawes, Confederate governor of that state.

His business career began in St. Louis as an office boy for the Mississippi River Commission. Later he was in the railroad business in Cincinnati, and then

took a position with the Chemical National Bank in St. Louis, which was merged in 1897 with the Third National Bank. He was elected vice-president in 1911. In 1919 that bank and two others were merged to form the First National, and Mr. Hawes became a vice-president of that bank. He retired as senior vice-president on March 1, 1946.

Mr. HAWES was active for many years in banking organizations. He was president of the Association of Reserve City Bankers in 1913 and of the Missouri Bankers Association in 1915.

He held many posts in the American Bankers Association and served several

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**INVESTORS
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MINNEAPOLIS, MINNESOTA

terms on its Executive Council. In 1918 he was elected vice-president of the A.B.A., and the following year became president.

During World War I, he was chairman of the Bankers Committee of the 8th Federal Reserve District for the Liberty Loan campaigns. For some time he was a member of the Reconstruction Finance Corporation Advisory Committee for the St. Louis district. He was treasurer of the St. Louis Community Fund the year it was organized and served a term as president of the St. Louis Chamber of Commerce.



N. M. Tucker



D. R. Francis

NORMAN M. TUCKER, recently appointed director of marketing for the International Bank, assumed his duties at the bank's New York office on April 1. Mr. TUCKER, formerly West Coast

representative of the Chase National Bank, will have charge of the development of future borrowing and marketing operations of the Bank in this country and abroad. The director's office was previously held by E. FLEETWOOD DUNSTAN, who resigned at the end of 1948.

DARRYL R. FRANCIS, widely known throughout the South for his work as agricultural economist of the Federal Reserve Bank of St. Louis, has joined the staff of the National Bank of Commerce in Memphis as vice-president. Mr. FRANCIS, who once held the agricultural economics chair at the University of Missouri, went to the Federal in 1944. He has appeared on many programs and forums related to agricultural development and has written extensively on that subject. In his new position he will be in charge of the NATIONAL's correspondent bank department.

MORRIS M. TOWNSEND, former director of the Banking and Investments Section of the Treasury's Savings Bond Division, has been named vice-president of the Axe-Houghton Fund, Inc., and Axe-Houghton Fund B, Inc., mutual investment funds.

In a letter to President L. R. BRYAN, JR., of the Second National Bank, Houston, RALPH M. CRISWELL, a former member of the bank staff, reported that he was helping fly the Berlin airlift. CRISWELL rejoined the Army Air Force late last year and was sent to Germany.

Tootle-Lacy National Bank, St. Joseph, Missouri, has bought the banking interests of the Missouri Valley Trust Company of that city. The latter institution will continue its trust business.

ARTHUR E. STODDARD, president of the Union Pacific Railroad, has joined the board of directors of The Omaha National Bank.

H. L. NICHOLS, chairman of the Southwestern Public Service Company and a director of several other utilities, is now on the board of the Mercantile National Bank, Dallas.

H. L. Nichols

A. E. Stoddard



BANKING

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American Security

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& TRUST COMPANY
WASHINGTON, D. C.

DANIEL W. BELL, President

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AND TRUST COMPANY of Chicago

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(MEMBER FEDERAL DEPOSIT INSURANCE CORP.)



On April 22, 1889, some 10,000 land-hungry people arrived at the little railroad station marking the place that was to become Oklahoma City. It was the day of the famous "Run"—and also the birthday of the FIRST NATIONAL BANK AND TRUST COMPANY of Oklahoma City. Before sundown the founders of the bank were taking deposits in a hastily erected tent, across a counter of rough boards supported by two wooden boxes.

Celebrating its 60th anniversary (and the city's, too), the bank on April 22, 1949, lighted a birthday candle, four feet high, in the lobby and invited visitors to make a guess as to how long the candle would burn. Savings accounts were offered as prizes for the closest estimates.

To its customers and friends the bank distributed a 24-page brochure of photographs and information showing the highlights of Oklahoma City's progress since "The Run" and tracing briefly the history of the institution.

For several weeks preceding the day the bank published a series of large newspaper advertisements under the caption "Oklahoma City's 60th Anniversary Memory Book of Progress." The copy featured, with illustrations and text, the principal events that contributed to the city's growth during each of its half dozen decades. Outdoor posters throughout the city reproduced

Keith B. Miller of the Okaton (South Dakota) State Bank, and Mrs. Miller, sent friends this announcement of the arrival of their baby girl

DEPOSITED BY

Mr. and Mrs. Keith B. Heller
MITCHELL, S. D., January 5 1947

In receiving these items this agency acts only as agent and assumes no responsibility beyond the exercise of due care.

PLEASE LIST EACH SEPARATELY

	LBS	OZS
Babies As Follows:		
<i>Tricki Lee</i>	7	10
<i>Dr. E.C.B.</i>		

See That All Babies Are Diapered

On April 11 the FIRST NATIONAL had deposits of \$174,163,299.30.

J. WILLIAM HARDT has retired as chairman of the board and executive vice-president of the Philadelphia National Bank. He will continue as a director. Mr. HARDT became associated in 1908 with The Franklin National Bank which through merger 20 years later became part of the present Philadelphia National.

GEORGE R. CLARK, vice-president of the Corn Exchange National Bank and Trust Company, Philadelphia, has been



G. R. Clark



J. H. Drummond

placed in charge of operations and personnel.

JAMES H. DRUMM, vice-president of The National City Bank of New York and in charge of its overseas industrial and business development division, has

At the Close of Business, April 11, 1949

Loans and Discounts	\$ 49,895,451.80
U.S. Government Securities	61,902,597.02
State, County and Municipal Securities	13,192,338.46
Other Investment Securities	1,805,620.93
Stock in Federal Reserve Bank	300,000.00
Overdrafts	10,063.00
Motor Bank Facility, Bank Vault, Furniture and Fixtures	452,695.51
Other Real Estate	1,911.42
Cash and Due from Banks	61,761,276.38
	<u>\$192,321,954.52</u>

Capital Stock — Common	\$5,000,000.00	
Surplus	5,000,000.00	
Undivided Profits	6,657,135.39	\$ 16,657,135.39
Reserved for Taxes, Employees' Pension Account, etc.	1,501,519.83	
Deposits	174,163,299.30	
		<u>\$192,321,954.52</u>

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**FIRST NATIONAL BANK
AND TRUST COMPANY
OF OKLAHOMA CITY**





Actress Helen Hayes, sponsor of the United Negro College Fund, accepts a contributor's shield from Frank M. Totton, vice-president of the Chase National Bank, New York, and member of the Fund's executive council. A campaign to raise money for 31 private, accredited Negro colleges is under way this month

been elected a director of Stanford Research Institute, Stanford, California. The Institute, an independent, non-profit organization, was formed two years ago for the application of fundamental science to products and processes of commercial value.

FLOYD A. HENSEN has been made executive vice-president of the City National Bank, Hastings, Nebraska. VERNE MANAHAN is cashier.

The Charter Bank of Philadelphia has elected Executive Vice-president GARY M. UNDERHILL to its board.

JAMES C. GREER, president of The First National Bank of Martinsville, Virginia, recently observed his 54th anniversary with the bank. He started as cashier and was elected president in 1929.

American Security and Trust Company of Washington, D. C., has made Assistant Vice-president KENNETH BIRGFELD manager of its new Woodley Park branch. J. EVERETT WHITE succeeds Mr. BIRGFELD as secretary at the main office.

ALEC BROCK STEVENSON, vice-president and trust officer of The American National Bank of Nashville, contributed a paper, "Some Aspects of Estate Planning in Tennessee," to a symposium in the *Vanderbilt Law Review*, published by the law school of Vanderbilt University.

JAMES R. DAVIE, president of the Albany (New York) Savings Bank, was chairman of the Albany County Red Cross Drive for 1949.

GEORGE H. AUFFINGER, JR., has been made a vice-president of the Marine Midland Group, Inc., service organization for the 19 Marine Midland banks in New York State.

WILLIAM B. SPIVA, president of the Bank of Somerset, Princess Anne, Maryland, will complete 60 years of service with that bank next November.

The Citizens Bank of Stuart, Florida, celebrated its 16th anniversary by opening an addition to its quarters.

Peoples First National Bank & Trust Company of Pittsburgh has opened a new office at the corner of Seventh Avenue and Smithfield Street—its fourth in the downtown district.

GRENVILLE S. SEWALL has been made a vice-president of the Chase National Bank, New York, and will serve as associate legal counsel.

The South Shore National Bank of Chicago announces election of JOHN O. SANNES as a vice-president.

The Merchandise National Bank of Chicago announces the election of F. W. VAN ANTWERP as president. R. L. REDHEFFER, heretofore president and board chairman, continues in the latter position. Mr. VAN ANTWERP was until recently president of the Associates Investment Company of South Bend, Indiana, and was previously president of the First Bank and Trust Company of that city.

ARTHUR V. MORTON, vice-president of the Pennsylvania Company for Banking and Trusts, Philadelphia, and a former president of the Trust Division,

Dick Erierson, BANKING's cartoonist, entertaining a children's party at St. George, Staten Island, New York, with some impromptu drawings which he distributed to a shrill and appreciative audience



American Bankers Association, died March 28 at the age of 75. Mr. MORTON joined the staff of the Pennsylvania Company in 1894, becoming a vice-president in 1912. He was a member of the Trust Division's Executive Committee from 1925 to 1928 and in the latter year was elected president of the Division. At one time he was also a member of its Committee on Costs and Charges.

Four bankers are officers of Rotary International, world-wide service organization, for the fiscal year 1948-49. They are: HAROLD D. BOSTOCK, assistant vice-president, American Trust Company of San Francisco; CLARENCE G. MEEKS, president, Hudson Trust Company, Union City, New Jersey; FRANK E. ALLEN, president, California Finance and Loan Company, Burlingame, California; and WALTER D. SHULTZ, president, Federal Home Loan Bank of Cincinnati.

CHARLES W. WILLIAMS, chairman of the Department of Economics-Commerce at the University of Louisville, becomes vice-president of the Federal Reserve Bank of Richmond on June 16. He will have charge of the research department, succeeding E. A. KINCAID, retired.

In New Quarters

The Decatur office of the FULTON NATIONAL BANK, Atlanta, has enlarged its quarters. More than 10,000 persons attended the formal opening of the remodeled branch.

THE BANK OF VIRGINIA, Richmond, has opened a new office at 21st and Granby streets, Norfolk. Another branch, now under construction in that city, will be ready next Fall.

FIRST NATIONAL BANK of Reidsville, North Carolina, has remodelled its quarters.

The Zion (Illinois) State Bank is planning to move into new quarters. It was formerly the Zion Bank.

The SYLVANIA (Ohio) SAVINGS BANK COMPANY has established a branch office in a new building owned by the bank.

CENTRAL NATIONAL BANK of Cleveland has a new home for its main office. The new location in the Union Terminal groups of buildings, a block from the old Euclid Avenue address, increases the office's space by one-third. Innovations include an escalator.



The First National Bank of Chicago

Board of Directors

Edward E. Brown
Chairman of the Board

Leopold E. Block
Chairman, Finance Committee,
Inland Steel Company

Ralph Budd
President, Chicago,
Burlington & Quincy R. R. Co.

Augustus A. Carpenter
Director, Hills-McCanna
Company

J. D. Farrington
President, Chicago,
Rock Island and Pacific
Railroad Company

James B. Forgan
Vice-Chairman of the Board

Walter M. Heymann
Vice-President

Henry P. Isham
President, Clearing Industrial
District, Inc.

James S. Knowlson
Chairman of the Board
and President,
Stewart-Warner Corp.

Homer J. Livingston
Vice-President

Hughston M. McBain
President,
Marshall Field & Company

Bentley G. McCloud
President

James Norris
President, Norris Grain Co.

John P. Oleson
Banker

Irvin L. Porter
Vice-President

Edward G. Seubert
Chicago, Ill.

Statement of Condition April 11, 1949

ASSETS

Cash and Due from Banks	\$ 562,297,377.82	
United States Obligations—Direct and fully Guaranteed		
Unpledged	\$ 441,245,733.26	
Pledged—To Secure Public Deposits and		
Deposits Subject to Federal Court Order	189,069,826.43	
To Secure Trust Deposits	59,364,079.57	
Under Trust Act of Illinois	512,000.00	690,191,639.26
Other Bonds and Securities		98,206,053.12
Loans and Discounts		787,522,450.75
Real Estate (Bank Building)		2,816,524.06
Federal Reserve Bank Stock		4,200,000.00
Customers' Liability Account of Acceptances		2,934,784.81
Interest Earned, not Collected		4,723,014.55
Other Assets		545,416.52
		<u>\$2,153,437,260.89</u>

LIABILITIES

Capital Stock	\$ 75,000,000.00	
Surplus	65,000,000.00	
Other Undivided Profits	2,888,955.55	
Discount Collected, but not Earned	1,209,494.82	
Dividends Declared, but Unpaid	1,500,000.00	
Reserve for Taxes, etc.	18,029,190.09	
Liability Account of Acceptances	3,662,195.19	
Time Deposits	\$ 432,279,322.66	
Demand Deposits	1,378,365,156.47	
Deposits of Public Funds	175,502,946.11	1,986,147,425.24
		<u>\$2,153,437,260.89</u>

R. Douglas Stuart
Vice-Chairman,
Quaker Oats Company

George G. Thorp
Madison, Wis.

Louis Ware
President, International
Minerals & Chemical Corp.

Albert H. Wetten
President, A. H. Wetten & Co.

Harry A. Wheeler
Banker

C. J. Whipple
Chairman of the Board,
Hibbard, Spencer, Bartlett & Co.

John P. Wilson
Wilson & McIlvaine

Robert E. Wilson
Chairman of the Board,
Standard Oil Company
(Indiana)

Robert E. Wood
Chairman of the Board,
Sears, Roebuck and Co.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

A Farm Credit File

(CONTINUED FROM PAGE 60)

to overlook the inclusion of items which rightfully belong on the comment sheet. However, the benefits are well worth the effort, he reports.

The purpose of every loan, together with the detailed repayment plan, is indicated on the comment sheet. A summary of any interviews with the farmer, at the time a loan is renewed, payments are made, or at any other time, should be put on the sheet.

This bank does not have an outside farm representative but is planning to engage one in the near future. Lending officers now make frequent calls on their farm borrowers. A visit to the farm, they believe, is not only valuable from a public relations standpoint but also enables the banker to gain an opinion regarding the condition of the farmer's equipment and his type of farming. These impressions, when summarized and placed on the comment sheet, include such items as the general appearance of the yard, buildings, fences, any

evidence of erosion and the type of housing for machinery.

Once a year, a summary of important points discovered in the financial analysis of the borrower is written up on the form. Also, once a year, the county tax records are checked to determine if any delinquent taxes are in evidence and the findings placed on the sheet. Evidence of the recording, by any other party, of real estate mortgages, chattel mortgages, conditions sales contracts, liens or judgments are noted on the sheet. Comments by the bank examiner and the board of directors properly belong on the form. In fact, any information of a credit nature is condensed and placed in writing on the comment sheet.

Net Account Sheet

In the case of new customers, the new account sheet is included in the file. This is the same form used in the bank's commercial file and is used for the same purpose; i.e., establishing the customer's identity and a possible starting point for securing more complete credit information. Any correspondence of a credit nature from the customer or to the customer is included in this section of the file. Letters from the bank regarding past due notes, or requesting an explanation of certain chattel mortgages which have gone on record, are examples of the type of letter found here. It is felt that such letters belong in the credit file for each letter adds its bit to the credit picture which is being painted.

The bank makes periodical checks of merchants such as feed dealers, gas station, grocers, etc., to obtain information regarding high credit granted and method of payment. Information received from these sources, together with letters from reference banks and individuals, are placed in this section.

Once a year, and sometimes oftener in some cases, an inspection and appraisal are made of the borrower's livestock and machinery. The Goodhue County National Bank uses the livestock appraisal sheet supplied by the Federal Reserve Bank of Richmond and the machinery and equipment inventory form furnished by the Federal Reserve Bank of New York to make notations regarding the farmer's equipment and livestock. These permit an evaluation of the farmer's program.

The final record placed in the investigation section is a chattel mortgage abstract. A form designed by the New York State Bankers Association is used by the bank. The chattel mortgage abstract is a list of any unsatisfied liens against the borrower disclosed by a

LOOKING AHEAD WITH THE BELL SYSTEM

The Bell System has been working at full speed to meet the enormous postwar demand for telephone service and to make the quality of the service better and better. Meanwhile, substantial increases in our labor and material costs have made it necessary to request moderate increases in telephone rates.

Regulatory bodies in reviewing these requests have recognized that earnings must be adequate to attract and protect the savings of investors. They have seen how greatly it is to the advantage of telephone users and their communities that the System's big program of improvement and expansion continue. As a result, telephone rate increases have already been granted in forty-three states. Thirty-one additional applications are pending where continued rises in costs make them essential.

Since the war's end, we have installed more than 10,000,000 telephones—a gain greater than in the twenty years before 1940. 2800 buildings have been built or enlarged, and equipped with intricate telephone apparatus. Millions of miles of new talking channels have been put into service. While improvements in existing services were being made, new methods and techniques have been introduced including mobile telephones, long distance dialing by operators, and network television.

With the traditional spirit of service of telephone men and women, and with confidence that the American people understand the need for maintaining on a sound financial basis the essential public services performed by the Bell System, we look forward to providing a service better and more valuable in the future than at any time in the past.

BELL TELEPHONE SYSTEM



search of the public records. This search is made by a bank employee or by the county and township official in payment for a small fee. The abstract is essential in determining if the bank actually has a first chattel mortgage or whether another lender has a prior claim to the assets of the borrower.

Miscellaneous Section

In the miscellaneous section, the bank usually places a copy of the chattel mortgage. The original is filed with the register of deeds or the town clerk, so the copy shows the filing data. Another form is a copy of the assignment of farm produce. A record of all oral inquiries regarding the customer is kept in this section, in addition to copies of any letters written by the bank in reply to inquiries. A blank page is also placed in this section for mounting any newspaper clippings which might be of interest creditwise with reference to the borrower. It likewise has been found helpful to mount photographs of the customer's farm and buildings on this page.

"This is a small item," Mr. Jones admits, "but it adds considerable life to the file. One or two good pictures tell volumes concerning the type of farm which the operator maintains."

Credit File Memo

Each lending officer has a special memorandum pad on his desk. This is headed, "Credit File Memo" and in reality is a simplified loan application form which asks for information to be placed in writing on the comment sheet regarding every loan made.

"This memo has another use," Mr. Jones said. "We have a few troublesome customers who will argue with us that the terms of the repayment plan—which had been previously agreed upon—are not correct. We corrected that situation by writing up on the memo pad the terms of the loan together with the repayment plan in full detail. This is done at the time the loan is made. Then we have the customer look this over. If he agrees that it is correct, he signs it. The memo is then filed in the general information section of the file. Then, when Mr. Farmer starts arguing, we merely produce the memo sheet and observe, 'It must be correct. You'll notice you signed it.' That always squelches any argument."

Officers of the bank find the agricultural credit file efficient and easy to operate. The forms are simple in make-up and the arrangement of the file flows in logical sequence.

50 Questions on Public Relations

THE public relations department of the American National Bank and Trust Company of Chicago has prepared a quiz. It isn't a game—it's a self-evaluation on the effectiveness of the public relations program of any bank.

The quiz was distributed by C. A. Hemminger, American National's public relations director, in connection with his address at the annual meeting of Group II of the Illinois Bankers Association at Joliet on April 14.

The questions number 50, with a scoring of two for "Yes" and one for "No." A score of less than 50 means that the bank is not realizing "anything like its

potential in good human relations." A score of between 60 and 76 is considered about average; 76-90 is excellent; 90-96 is tops. "If you score 100, go back over the questions again and check your answers. Nobody is that good!"

The quiz covers many phases of public relations for banks, and is departmentalized with questions covering: new employees; salaries, bonuses, retirement; employee relations; bank directors and shareholders; employees as public relations personnel; bank officers as public relations personnel; contacts with customers; the banking plant; bank services; relationship with other banks; etc.

THE NATIONAL CITY BANK OF CLEVELAND

Statement of Condition

MARCH 31, 1949

ASSETS

Cash and Due from Banks	\$122,527,340.53
United States Government Obligations	229,131,132.68
Other Securities	18,304,942.02
Loans and Discounts	112,876,382.54
Investment in Banking Premises	2,598,869.57
Customers' Liability on Acceptances and Letters of Credit	2,319,786.64
Accrued Interest	1,204,587.45
Other Assets	717,560.42
	<u>\$489,680,601.85</u>

LIABILITIES

Capital Stock (625,000 shares)	\$ 10,000,000.00	
Surplus	10,000,000.00	
Undivided Profits	5,104,052.49	\$ 25,104,052.49
General Reserve		2,514,514.45
Dividend on Capital Stock payable May 1, 1949		218,750.00
Acceptances and Letters of Credit		2,319,786.64
Accrued Interest and Expenses		1,112,663.73
Deferred Credits and Other Liabilities		1,568,644.96
Corporation, Individual and Bank Deposits	\$325,368,320.80	
Savings Deposits	68,979,949.12	
Trust and Public Deposits	28,352,635.88	
U. S. Government War Loan Account	34,141,283.78	456,842,189.58
		<u>\$489,680,601.85</u>
Contingent Liability on Unused Loan Commitments		\$ 16,557,487.58

NOTE: United States Government obligations carried at \$64,986,218.65 are pledged to secure trust and public deposits, U. S. Government War Loan Account, and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Burroughs

Bell & Howell

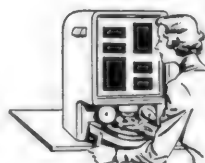
*Look to these names for Leadership
in the*
AGE OF MICROFILM

Easy to Photograph!



The Bell & Howell Recorder permits 8mm images on 16mm film for double economy... can photograph both sides of a document simultaneously... can place on one 100-foot roll of film a greater number of images than was formerly possible. Documents can be fed by hand, or with automatic feeders, at speeds never before possible. Anyone can operate the recorder with a few minutes of instruction.

Easy to Read!



The Bell & Howell Reader is a marvel of simplicity for showing a clear, readable image—enlarged to the actual size of the original document, or larger—even when used in a brightly lighted room. While seated at the reader, the operator can rewind, focus, scan and load films quickly and easily. Photographic facsimiles, to actual size, can be made in a few minutes without the use of a darkroom.

W H E R E V E R T H E R E ' S B U S I N E S S

Burroughs and Bell & Howell have joined forces to bring business the full advantages of a highly versatile, very economical business tool . . .

It is *microfilm*, the logical successor to the vast bulk of paper documents, in transit and in storage, on which most businesses depend for the record of their transactions.

Microfilming, as accomplished by modern Bell & Howell equipment and applied to business needs by trained Burroughs representatives, offers impressive benefits. It saves space—can be stored in 1/100 of the space required by original documents. It saves time—replaces laborious duplicating of records with split-second photography. It eliminates errors—is photographically accurate.

Burroughs offices can now offer the most practical microfilming assistance. Bell & Howell microfilm equipment, built to standards of precision and dependability that have made Bell & Howell the recognized leader in the field of photography, is advanced in design, simple in operation. Burroughs counsel and cooperation is founded on complete familiarity with business procedures, providing careful integration of microfilming into the over-all business system. And Burroughs worldwide service organization gives final assurance of continuing, continuous microfilming satisfaction through efficient equipment maintenance and prompt film processing.

Bell & Howell microfilm equipment is now distributed and serviced exclusively by Burroughs. Your Burroughs office will be glad to discuss the application of microfilm to your business needs.

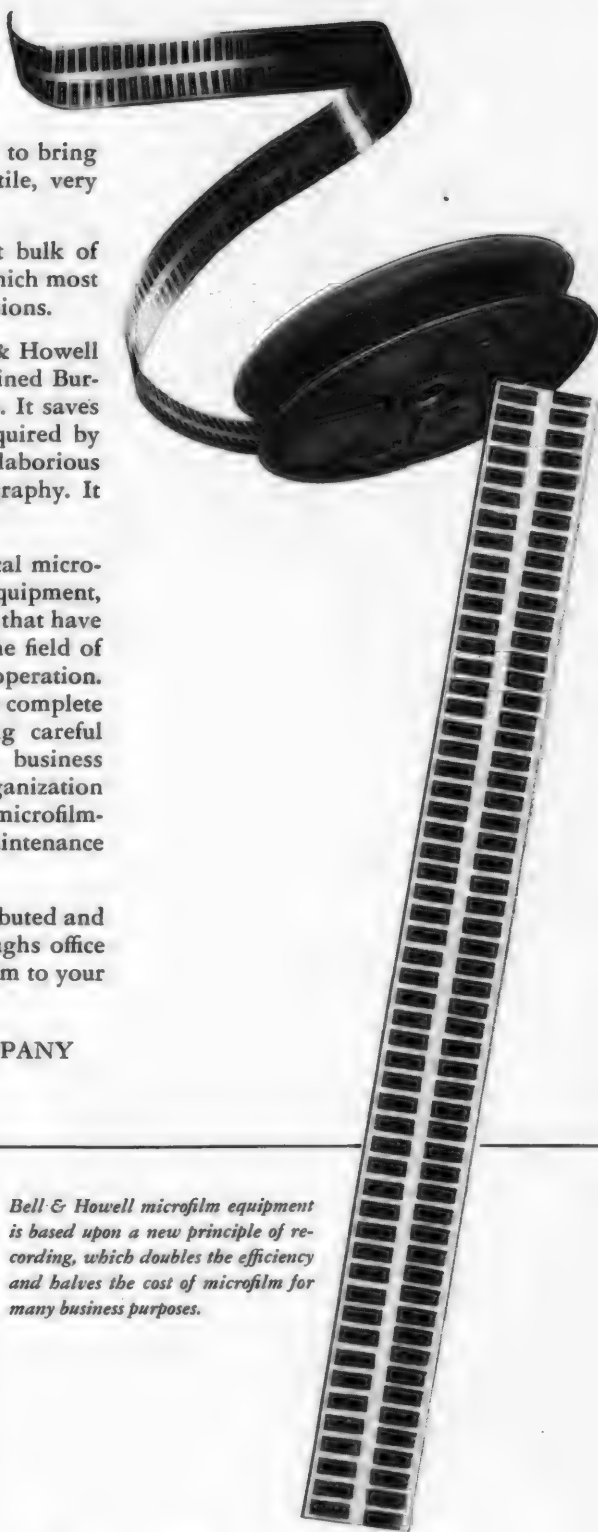
BURROUGHS ADDING MACHINE COMPANY
DETROIT 32, MICHIGAN

Quick Processing!



Exposed spools of microfilm are quickly and efficiently developed at Burroughs processing centers and promptly returned for immediate use. Large volume users who prefer to develop their films on their own premises find the Bell & Howell Automatic Processor simple and easy to use. It's fast, too! In a few minutes, a roll of film is processed, dried and spooled, automatically.

Bell & Howell microfilm equipment is based upon a new principle of recording, which doubles the efficiency and halves the cost of microfilm for many business purposes.



Burroughs



Methods and Ideas

(CONTINUED FROM PAGE 49)

tered for 141 merchandise awards, with a total value of \$1,000. Radio interviews with depositors and celebrities were among the other features developed from staff ideas.

Reviving Dormant Accounts

Several weeks ago three New Yorkers who qualify as financial experts asked the public relations department of the EAST RIVER SAVINGS BANK some questions that indicated an unfamiliarity with bank services. Assist-

ant Vice-president Dorcas Campbell, who answered their queries, decided that if there were gaps in these peoples' knowledge of bank usefulness, many other folks must be in even greater need of enlightenment.

The three experts consented to the use of their questions in a folder directed to owners of dormant accounts as a means, possibly, of reviving their contacts with the bank and of educating regular depositors in the wide variety of modern bank service.

As a preliminary experiment Miss Campbell asked some depositors and staff members to name at least 20

East River services. Few could name 12; the rest mentioned six or seven. So the projected folder was expanded into a list of 32 questions about the bank and mailed not only to the inactive accounts but to a sampling of the regulars.

The folder, entitled "They Didn't Know! Do *You?*", repeated the questions the three specialists had asked, and pointed out that they were not taking full advantage of the bank's services because they didn't know about them. Then it put "12 questions concerning *you*"—such as "Can you get a personal loan at this bank?", "Can you open an account for any child? For a dependent? For a club?", "If you receive dividend checks from any corporation, can you arrange to have the corporation send them direct to your savings account?"

On another page questions about the bank provided a broader educational opportunity. This list included: "When is an account 'unclaimed?'", "Can a blind or illiterate person open a savings account?", "Can you borrow money from us on your account?", "Can a partnership have a savings account?"

After each query a blank space was provided for a written answer. To whet the reader's interest the bank offered a choice of several free booklets (not about the East River) to each person answering.

With the folder depositors also got a letter from "Miss Constant Saver," directing attention to the bank's special purpose savings plans.

(CONTINUED ON PAGE 112)



the KNOW HOW

Whatever your Payment Coupon Book problem may be—get a practical answer from Allison.

With a background of 59 years experience, Allison KNOWS HOW to design Coupon Books that tie in with your set up—are low-cost in use—and secure prompt collections.

Samples of what we have done for others, together with complete information, will be sent upon request. Write to head office:

Indianapolis 6, Indiana.

"SINCE
1888"

In U.S. Dollars...

Canadian Pacific Express Company
United States Dollar
Travellers Cheques...and
Money Orders payable in United
States Dollars...are redeemable
at par by The National City Bank
of New York, New York.

Canadian Pacific

Claire Waterman, left, and Helen Lyngen were the winners of a popularity contest among the girls on the staff of the Northwestern National Bank of Minneapolis and its branches. Contestants were judged on their ability to get along with their colleagues, friendliness in meeting customers, and their ability as staff members. The contest is to be an annual event at the bank.



**THIS is what you've
been hearing about!**



**The new Todd Check Imprinter for
increased profits in your bank**

WHEN bankers speak of a new machine as "amazing," "sensational," "a sure thing for bigger profits," that's news!

The revolutionary Todd pocket-check Imprinter is *good* news, too, for every banker who wants increased revenues from checking accounts. Now there's no need to print 100 to 200 checks for a single account that may use only a fraction of them. Now you can get new customers and please old ones by giving name and address imprinting service in only a few moments. No longer do you need trained operators or costly ordering, follow-up and billing systems for imprinted checks.

You save money, save time, build customer goodwill, offer a new, up-to-the-minute service that will attract prospects and convert them into customers!

With the Todd Imprinter, any employee can imprint and bind 20 to 25 checks in about the time it takes to make an ordinary deposit—actual tests show that imprinted checkbook delivery can be made to customers within $2\frac{1}{2}$ minutes after receipt of their orders.

Find out today about the new Todd Imprinter, without cost or obligation. Just mail the coupon below for full details. Why not do it now, while the coupon's handy?

MAIL COUPON NOW!

THE TODD COMPANY, Inc., Rochester 3, N.Y.

Please rush full details about the new Todd Check Imprinter, without cost or obligation to me.

Bank _____
Address: _____
City _____ Zone _____ State _____
By _____

B-5-49

Todd
COMPANY, INC.



ROCHESTER NEW YORK
SALES OFFICES IN PRINCIPAL CITIES
DISTRIBUTORS THROUGHOUT THE WORLD

(CONTINUED FROM PAGE 110)

"With All Good Wishes . . ."

UNION DIME SAVINGS BANK of New York has a new handbook for employees, designed, as are similar publications, to familiarize them with the bank's policies and with their own duties and responsibilities.

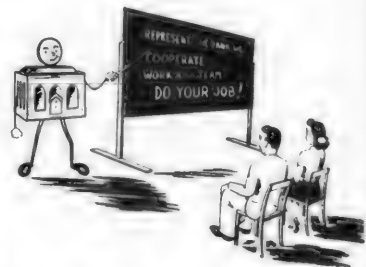
The booklet, made with a spiral binder, is printed with two introductory letters—one for the newcomer, the other for the staff member of long standing. As copies are distributed only the letter applying to the recipient is used; the second is torn out. Each letter is personally addressed and is signed by

William L. DeBost, chairman, and J. Wilbur Lewis, president.

The note to new employees explains that the booklet, *You and the Dime*, has been prepared to help him feel at home and to acquaint him with what he may expect of the bank and what it expects of him. "It is our desire," says the message, "to work together in mutual understanding so that each of us—management and staff—may contribute his or her best in ability and loyalty to the bank and to the public whom we serve." The two executives sign "with all good wishes."

The letter to the old-timers says that although the booklet may seem like an

What the Union Dime Expects of You —



An illustration in the employee booklet

old story, "we believe you will be interested in this statement of policy and we hope it will strengthen the fine relationship which we have enjoyed."

Included in the text are brief histories of mutual savings banks and of the UNION DIME, together with information on hours of work, vacations, insurance and retirement, educational opportunities, and various other facts about bank work.

In Brief

The extensively illustrated annual report of the CITY NATIONAL BANK AND TRUST COMPANY of Kansas City, Missouri, includes a two-page spread on the foreign department. There's a thumb-nail review of America's foreign buying and selling abroad last year, with emphasis on this country's larger imports and the bank's efforts to foster them in the midcontinent area.

THE CHASE NATIONAL BANK of New York publishes "The Marketing of Cotton and the Financing of Cotton Merchants," a brochure by Frank A. Richards of the bank's staff. Mr. Richards has specialized in commodity financing during the past 27 years.

Bank Cuts Check Charge

COLONIAL TRUST COMPANY of New York recently reduced to 10 cents from 12 the charge for each check drawn by personal checking account customers. President Arthur S. Kleeman explained that the charge had been increased a year ago because of higher costs. "During the past year," he continued, "we have been able to effect certain economies which, while in no way affecting the efficiency of this service, enable us to pass on a saving to our depositors."

*Our services
are designed to meet the
needs of correspondent
banks in the most helpful
manner.*

The FIFTH THIRD UNION TRUST co.

CINCINNATI, OHIO

Member
Federal Reserve System

Member
Federal Deposit Insurance Corporation

STATEMENT OF CONDITION, MARCH 31, 1949

RESOURCES

Cash and Due from Banks	\$1,325,879,659.83
U. S. Government Obligations	1,334,139,329.36
State and Municipal Securities	54,311,970.77
Other Securities	124,407,305.44
Loans, Discounts and Bankers' Acceptances	1,524,426,114.75
Accrued Interest Receivable	9,661,034.26
Mortgages	27,896,251.71
Customers' Acceptance Liability	19,074,536.92
Stock of Federal Reserve Bank	7,950,000.00
Banking Houses	29,951,664.46
Other Assets	3,732,680.89
	<u>\$4,461,430,548.39</u>

LIABILITIES

Deposits	\$4,067,176,570.40
Dividend Payable May 2, 1949	2,960,000.00
Reserve for Taxes, Interest, etc.	10,978,876.13
Other Liabilities	11,092,660.03
Acceptances Outstanding . . . \$ 21,288,248.69	
Less Amount in Portfolio	1,525,353.16
Reserve for Contingencies	19,996,093.53
Capital Funds:	
Capital Stock . . . \$111,000,000.00	
Surplus	154,000,000.00
Undivided Profits	64,463,452.77
	<u>329,463,452.77</u>
	<u>\$4,461,430,548.39</u>

United States Government and other securities carried at \$319,168,700.00 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation





The Bank Directory

contains 2800 pages of information you need every day. Be sure you have the latest edition, published March 1949.

R. L. POLK & CO.

130 Fourth Avenue, North
Nashville 3, Tennessee

**SPEED UP
COIN
COUNTING
WITH**

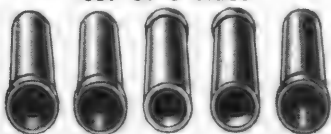


**Manual
COIN
COUNTER**

TUBULAR
WRAPPER
IS PUSHED
UP FROM
BOTTOM

Saves time and speeds up counting of pennies, nickels, dimes, quarters, and halves. Just push tubular wrapper up inside of Bakelite stem, holding bottom closed with finger. Count coins into hopper. Pull wrapper from bottom and crimp ends. In five sizes.

SET OF 5 SIZES



The C. L. DOWNEY Company
HANNIBAL, MISSOURI
World's Largest Mfrs. of Coin Wrappers

Dollars at Work

(CONTINUED FROM PAGE 50)

expository scripts written in simple, conversational language. Two guides were selected for each plant, one for each 15 students; the school planned to send a class of 30 to a plant at a time. The guides were chosen largely from among the students at the Yale Divinity School as this is a highly articulate group interested in working with youth. They were given an intensive training which familiarized them with the plants and the scripts.

Part three was an address by a high company official and a worker. In two cases the workers were union leaders, in the other an employee who had been elected director of his plant's recreation association by his fellow workers. These speeches were also simple. The company official, utilizing visual aids, explained the company's finances, the income dollar, the outgo dollar, investment, replacement; also, how much money his company placed each day in the economic life of the community, etc. He then introduced the worker who told why the plant was a good place to work and explained in detail the benefits the employee received.

THREE diverse types of business were picked in order to give a good cross section of local industry: the Sealtest Dairy and Ice Cream plants; The United Illuminating Company; the A. C. Gilbert Company, a manufacturer of educational toys and electrical appliances. This gave an opportunity to contrast the finances of the three companies: for instance, how the milk division of Sealtest turns over approximately four and one-half times a year as compared with United Illuminating's turnover of once in three years, or how Gilbert paid 41 cents of each income dollar for wages while for the same purpose United Illuminating paid out a little over 16 cents of the sales dollar.

There was also a thorough discussion by both the management and the employee representative of the stockholder-employee-customer team.

The approach was entirely positive; no criticism was directed against conflicting ideologies. The program was designed to show how well the American system works, not how much better it works than other systems. To do this, only clearly demonstrable facts were utilized. Argument was not resorted to. There was no discussion of whether taxes or wages were too high or too low; the students were merely

told the figures for the plants visited.

After consultation with the school officials and the cooperating company executives it was decided to concentrate the tours in a two-week period, thus causing a minimum of disruption to school activity and manufacturing operations. Buses called for the students at 9 A.M. and returned them to the school shortly after noon. Three classes of 30 left daily for three days, their destination a different plant each day. After the first three-day period three more classes started on the same schedule until the 300 students had visited all the plants.

At the conclusion of one tour, a student, unprompted, expressed to Mr. Hemingway his appreciation of what the bank and the cooperating companies had done for him, and stated what he had learned. He repeated every major point, and many minor ones, that had been emphasized during the tours.

The reception of this plan by both the school system and local industrialists was so enthusiastic that the directors of The Second National Bank voted to broaden its scope. Through the Manufacturers Association the bank is offering this public service to other local concerns. And the association has cited the Second National for "unselfish public service."

The project required extensive planning, careful and detailed preparation, and the expenditure of a certain amount of money—in this case about \$2,000. But the direct and indirect benefits are expected to be substantial.

"I'd like to marry him and show him how it feels to be bossed around!"



STANLEY

BANKING

PACIFIC GAS AND ELECTRIC COMPANY

1848—Discovery of Gold in California! The ringing cry—"Gold"—heard around the world brought miners, merchants, industrialists, farmers and men of science to develop and use the vast natural resources of the State. Almost since the Gold Rush days, Pacific Gas and Electric Company or its

predecessor companies have worked side by side with commerce, agriculture and industry to provide dependable public utility service so vital to the growth and development of the State. The Company looks forward to even greater opportunities for service to the public in the years ahead.

Highlights of the 43rd Annual Report...1948

REVENUES

Gross operating revenues passed the two hundred million dollar mark in 1948, reaching a total of \$204,242,000. This was an increase of \$19,922,000, or 10.8%, over the preceding year. Other income, largely from interest and dividends, amounted to \$390,000. Revenues from electric service totaled \$136,276,000 and accounted for 66.7% of gross operating revenues. Sales of gas produced revenues of \$66,562,000, or 32.6%, and sales of water and steam \$1,404,000, or .7% of the gross.

SALES

Sales of electricity reached a new high record of 9,037,000,000 kilowatt-hours. The gain over the previous year was 564,000,000 kilowatt-hours, or 6.7%. This gain was achieved despite the temporary curtailment of sales occasioned by the unprecedented midwinter drought in our territory. Sales of gas also established a new peak, increasing 15,091,000,000 cubic feet, or 10.2%, over the previous year's record to a total of 163,082,000,000 cubic feet.

CUSTOMERS

At the close of the year the Company was supplying service to a total of 2,145,560 customers, the net gain of 128,086 surpassing even the 1947 record. Electric customers totaled 1,208,579, gas customers 919,623, and water and steam customers 17,358. In the past ten years, the Company has extended service to more than 660,000 new customers, a striking evidence of the extraordinary growth in population which has occurred in our field of operations.

EARNINGS

Earnings for the common stock were \$2.51 per share upon an average of 7,372,582 shares outstanding during the year. This compares with \$2.57 per share upon an average of 6,565,358 shares outstanding during 1947. Total common shares in the hands of the public at the end of 1948 were 7,540,296, compared with 6,869,441 at the close of 1947. On these year-end totals, earnings were \$2.46 for 1948 and \$2.45 for 1947.

For the past quarter of a century the trend of our rates has been consistently downward. Practically alone among all the goods and services included in the average household budget, our charges for both electricity and gas are substantially below prewar levels.

Now, however, the cumulative effect of higher costs has made it necessary to apply to the California Public Utilities Commission for authority to increase gas rates. This was the first application of its kind in twenty-eight years.

CONSTRUCTION PROGRAM

Substantial progress was made on the Company's long-range construction program started in 1945, immediately after the release of wartime controls. This is not only the largest power building program in America today but will involve in the next two or three years one of the major natural gas pipe line projects in the country. More than \$158,000,000 was spent on construction work in 1948, of which about \$117,000,000 was obtained from securities sold during the year.

STOCK OWNERSHIP

The year 1948 was particularly gratifying in that it afforded us an opportunity to welcome 12,966 new stockholders into the Company's family of owners. This brings to 154,259 the number of stockholders of record. Of these, 94,130 were California residents and the remaining 60,129 were located in every state of the Union and in some foreign countries. The average holding is only 93 shares, with a par value of \$23.25.

PERSONNEL

At the year-end there were 16,797 men and women employed by the Company, 1062 more than at the end of the preceding year. The additional employees were required by the expanding volume of business and increased construction activity. Wages and salaries paid all employees totaled \$62,297,000 in 1948, \$4,882,000 more than in the previous year. Of the total, \$36,972,000 was charged against income as operating expense and \$25,325,000 was charged against construction jobs.

On its vast postwar development program the Company has already spent in excess of \$300,000,000. Expenditures during the next three years probably will be even larger. To enable us to obtain this additional capital most economically, it is essential that the rates charged for our services continue to produce sufficient revenue to cover operating costs and yield a fair return on the money invested in the business.

[Signature]
PRESIDENT

PACIFIC GAS AND ELECTRIC COMPANY 245 MARKET STREET, SAN FRANCISCO, CALIF.

A copy of our 1948 Annual Report to Stockholders will be supplied upon request to E. J. Beckett, Treasurer



1849
Miners' ditches for-runners P.G.&E.'s hydro-electric system.



1852
San Francisco Gas Company, P.G.&E.'s earliest predecessor.



1879
Nation's first electric power central station in San Francisco.



1895
First hydro-electric plant of P.G.&E. system at Folsom, Calif.



1901
High voltage electric power transmitted 142 miles.



1905
P.G.&E. Co., in present form, incorporated October 10.



1914
P.G.&E. inaugurates first customer-ownership financing in U.S.



1929
Natural gas introduced into territory served by P.G.&E.

1946-1951

Postwar expansion program, largest of any gas and electric utility in the U.S.

Washington

(CONTINUED FROM PAGE 47)

revenues required to beat off the prospect of a deficit. This course is favored over raising the income tax rates of individuals in the middle and upper income brackets, a proposal recommended by the President.

A second course might be to bring out a tax bill which in a single measure would provide some relief from the wartime "luxury" excise taxes and provide for avoiding a deficit. Such a bill would have unpredictable consequences because relief of excise tax burdens at this time would put pressure upon other possible sources of revenue, particularly individuals and corporations. There is a great deal of steam behind the move to provide excise tax relief.

The third alternative is to postpone the entire matter until Congress meets next January.

Insurance Taxation Studied

Congressional experts, as well as those of the Treasury, are studying the problem of how to tax life insurance investment income without unduly affecting the capacity of life insurance companies to build up appropriate reserves against their policy liabilities.

The problem arises because Congress in 1942 adopted a formula for computing insurance company tax liability, but the formula as it has been worked out has in practice subjected the life companies to only nominal tax liability, or to no taxes whatever.

It is said that such a new formula will be drafted in time to append it to any tax bill which Congress may take up this year. On the other hand, if Congress delays tax legislation until 1950, there is little inclination to ask Congress to approve special legislation applicable only to the life insurance companies, and as a separate bill.

Taxation Conflicts

There is now under way a movement to seek to eliminate conflicts between Federal taxation, on the one hand, and state and local taxation, on the other.

The problem is immensely difficult. The legal complexities of seeking to get many cities and states, as well as the Federal Government, to surrender whole fields of taxation to one another are obvious.

Economic difficulties, however, are even greater. They arise from the fact that in this era of all governments at-

tempting to perform more and more services for their constituent voters, the pressure of all jurisdictions to tax and tax is so great that all tax collectors are trying to crowd into the same trough of personal and business income.

Lowered Margin Requirements

Following by a few weeks the easing of the terms of instalment loans, the Federal Reserve Board at the end of March reduced to 50 percent from 75 percent the margin a person was required to pay for buying or carrying listed stocks.

This action was undertaken in part because the inflationary conditions which led the Board to impose the margin requirements, once excluding any loans whatever, was believed to have passed.

FDIC Opposes Assessment Cut

While avoiding any direct reference to proposals for reducing the rate of assessments upon banks for Federal deposit insurance, the FDIC, in its semi-annual report covering the period ended December 31, 1948, gave a strong inferential indication of its opposition to any reduction in its earnings.

Noting that bank deposits were boosted four-fold during the first 15 years of deposit insurance, FDIC said that the growth of bank capital funds did not increase proportionately.

"While deposits quadrupled, capital doubled, rising to a little over \$11-billion at the end of 1948. The ratio of capital to total assets consequently declined, from 14 percent in 1934 to

7 percent at the end of 1948. Similarly the ratio of capital to risk assets has declined over the period from 26 percent in 1934 to 20 percent at the end of 1948. Retention of earnings, practically the sole source of increase in bank capital in recent years, does not promise any rapid strengthening of the banks' capital position," the FDIC stated.

"As a result of these developments, the potential burden upon the Federal Deposit Insurance Corporation has been greatly enlarged in recent years. The resources of the Corporation have not, however, been proportionately strengthened. Indeed, at the end of 1934 capital and surplus of the Corporation amounted to 0.73 percent of deposits, and at the end of 1948, 0.70 percent," the Corporation observed.

At another point the FDIC observed that "the relatively small demands made upon the resources of the Corporation during its 15 years of operation cannot be regarded as indicative of future requirements," and, in conclusion:

"It [the FDIC] has been aided during the 15 years of its existence by rising values; there has been no period of business depression severe enough to test the resources of the Corporation."

Government Lending Agency Liquidated

It appears as though another Government lending agency is to be liquidated completely and wiped off the books.

The agency in question is the Regional Agricultural Credit Corporation, which one time had an authorized Treasury capital of \$44.5-million.

During the life of this agency and its former district offices, loans totaling \$662-million were disbursed. The amount outstanding last June 30 was only a little over \$1-million. All but some \$100,000 of its capital was retired.

Veterans To Get Insurance Dividends

Beginning in January 1950, the Veterans Administration hopes to start mailing, in volume, veterans' checks for overpayments on their World War II service life insurance. Total of these dividends is expected to run between \$1.5-billion and \$2-billion.

The dividends arise because the mortality tables first employed by National Service Life Insurance were too conservative in the light of actual experience. NSLI is a mutual fund. The Veterans Administration has been auditing each life insurance policy to determine each veteran's true insurance



"Don't step on the white ones! I just scrubbed this floor!"

liability. With this recomputation, the excess becomes a dividend. The dividend also will accrue to those who have dropped their Government insurance, and who will be notified to apply through post offices for their refunds. Those who are current in their payments and keep their addresses on file with the Veterans Administration will be mailed the checks direct.

Reorganization Test Nearing

Within the near future there will develop a test of whether the reorganization of the Federal bureaucratic establishment will materialize into any actuality this year.

In view of the fact that the Hoover Commission, with some dissents, proposed that the Federal Deposit Insurance Corporation be placed under the supervision of the Treasury, and a commission task force proposed concentration of bank supervisory functions in the Federal Reserve Board, this test will be watched by the nation's banks.

Even in the event the President should propose to abolish the independence of any of the supervisory agencies, there would be a great deal of Congressional sentiment—not unlikely decisive sentiment—for Congressional disapproval of any such schemes.

Meanwhile, one of the last reports of the Hoover Commission, that on "Federal Business Enterprises," made a number of far-reaching proposals. In general the commission would have the Congress legislate a tightening up of Government corporation charters and of accounting for funds, particularly to show such hidden subsidies as the free use of Government funds. The commission also proposed that, in non-emergency functions, the Government in general should not make direct loans, but should instead guarantee loans.

Rents Can Be Raised

Behind the long Congressional battle this year over the extension of rent control there is one implied state of mind in Congress. It is that after the present or new extension expires next June 30, 1950, it will take a super-duper selling job to persuade the members to grant any further extension of rent control.

In general Congress in some ways loosened up on the ceilings which could be clamped by Government on rents, and in particular provided that governing bodies of local communities, with the consent of the governors of their states, could completely end rent control in their localities. At the same



"Nice day, Mr. Doe!"

time some of the enforcement powers of the administration of rent control were tightened.

Median Income Housing Bill Comes Up

Congress is shortly to decide how much further it will go in putting direct and indirect Government credit behind the drive to sustain the volume of home construction, and at the same time to pitch that construction toward houses costing considerably less than \$10,000.

These propositions are all involved in the so-called "median income" housing bill, slated to be considered after disposition of the legislation authorizing a huge program of public housing. This bill is also sometimes called the "private housing" bill.

Involved in this proposition are easier access to funds for veterans' cooperative housing projects, a wider secondary market for FHA loans, through purchases by the Federal National Mortgage Association of the Reconstruction Finance Corporation, and more liberal terms under Title I and II of FHA for the financing of houses costing \$5,000 to \$7,000.

This legislation will also decide whether the Government directly shall extend credit for the construction of other than veterans' cooperative housing projects.

Savings and Loan Competition

There is considerable feeling here that ultimately legislation may be necessary to resolve the problem to which the American Bankers Association called the attention of the Home Loan Bank Board.

In a communication, the A.B.A. protested the new regulations of HLBB

under which Federal savings and loan associations may drop the words "and loan" from their titles in advertising, and which permit them to describe their share accounts as "savings accounts."

It was pointed out by the A.B.A. that Congress intended a sharp differentiation between a savings account in a bank and a share account in a building and loan or savings and loan institution, and also a differentiation between Federal Deposit Insurance and the insurance of share accounts by the Federal Savings and Loan Insurance Corporation.

This use of terms analogous to those used by commercial and mutual banks led to the introduction, on April 7, of a bill (H.R. 4086) in the House of Representatives by Representative John Jennings, Jr., of Tennessee:


"To prohibit the Home Loan Bank Board from revising its regulations so as to change the essential character of Federal savings and loan associations, and for other purposes.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That until otherwise provided by law after full and complete investigation by the appropriate committees of the Senate and House of Representatives, the Home Loan Bank Board shall not amend or otherwise revise its regulations in any manner which would change the essential character of Federal savings and loan associations or which would permit misrepresentation to the public as to the essential character of such associations. The prohibition contained in this Act includes, but is not limited to, the amendments set forth by the Home Loan Bank Board in its notice published in the Federal Register of March 11, 1949, pages 1101 to 1113, inclusive."

While there may not be time this year for such legislation, it was found, when the matter was brought to the attention of Congress, that the Comptroller of the Currency, the FDIC, and the Federal Reserve Board were inclined to view sympathetically any proposal to define a legal distinction in function between the savings and loan associations and those of all other banks.

The National Association of Supervisors of State Banks is supporting legislation which would require the Home Loan Bank Board, in granting branches to Federal Savings and Loan associations, to conform to the restrictions of state law governing the extension of branches by state savings or building

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and loan associations. The American Bankers Association is also supporting this proposal.

Encourage Care in Buying Municipals

What the Comptroller of the Currency's office has in mind, it is understood, is that banks under that office's supervision shall use as much care in buying municipal bonds as they do in acquiring their loan portfolios.

Hence the Comptroller's office is insisting that banks shall establish credit files on the municipalities whose bonds they purchase.

On the other hand, it is understood that the Comptroller's office wishes to dispel rumors prevalent in some places that the national bank supervisors discourage investment in municipals generally. This is said to be contrary to the facts. All that is desired is that as much sense and judgment be used in acquiring particular municipals as is employed in any other investment.

Monetary Study Projected

There is planned by the Congressional Joint Committee on the Economic Report a proposed investigation of "the problem of the effectiveness and coordination of monetary, credit, and fiscal policies dealing with general economic policy."

This was tentatively second in priority of a group of four studies which the JEC plans to undertake, through subcommittees. The others are studies of investment, low income families, and unemployment trends.

Social Security and Bank Directors

After the intervention of the American Bankers Association, the Commissioner of Internal Revenue has issued a ruling, according to D. J. Needham, A.B.A. general counsel, that bank directors who serve on committees which are created pursuant to a Federal or state statute or corporate by-laws, or pursuant to authority vested in the board of directors, are not to be treated as employees for social security tax purposes. A bulletin to state bankers association secretaries releases the details of this ruling and the background of the regulation.

Sooner or later the American people must seriously ask themselves how much foreign recovery and development they are prepared to underwrite, for how long, and on what terms. — *W. R. Strelow*, vice-president, Guaranty Trust Company, New York.



FIRST CHOICE for bank statements

More bank statements were published in 1948 in The New York Times than in any other U. S. newspaper . . . other than strictly banking publications . . . because The New York Times reaches the entire financial community . . . because The Times is read in more than 11,000 cities, towns and villages in all the 48 states.

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her desk is a Safe!

... How the Marquette National Bank of Minneapolis, Minn., Protects Commercial Ledger Records and Signature Cards from Fire at the "Point-of-Use."

What if a fire broke out during business hours in your bank? What would happen to your ledger records and signature cards? In the panic and confusion, who would carry them to safety?

Here's how the Marquette National Bank of Minneapolis solved the problem: They've protected their ledger records and signature cards from fire *right where they're actually used*, in insulated desks that combine perfect working convenience with the protection of a modern safe.

Remington Rand Safe-Ledger Desks provide this "point-of-use" protection... protection that's *certified* by both the Safe-Cabinet Laboratory and the Safe Manufacturers National Association. Both

have affixed to every Safe-Ledger Desk their one-hour certification, assuring protection of paper contents for at least one full hour in a fire reaching 1700° Fahrenheit.

Now, not only is the Marquette National Bank sure of 24-Hour record protection—they also have added materially to clerical efficiency. Those Safe-Ledger Desks are really easy to work with! A special over-sized top provides extra roomy sorting space. Ledger records are immediately accessible right beside the bookkeeper, and signature cards are housed just below—all within easy reach.

Remington Rand has helped thousands of banks solve their record protection problems—is always ready to provide *your* bank with expert advice on this vital subject. Just call the office nearest you or write to the Systems Division, 315 Fourth Avenue, New York 10.

Remington Rand THE FIRST NAME IN RECORD PROTECTION

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(CONTINUED FROM PAGE 39)

credit conditions in the interest of economic stability. In recommending legislation to continue Regulation W, the Board has tried to put the legislative issue in this light.

... of First Magnitude

Lt. Gen. JAMES H. DOOLITTLE, vice-president, Shell Union Oil Corporation

Traffic congestion constitutes a serious threat to the nation's economic health.

The congestion in city areas has a depressing effect upon property values. It is a very important matter affecting the abilities of the cities to secure maximum property tax revenues to support necessary municipal services.

The development of an adequate street and highway system to handle the traffic volumes of the future will be a task of first magnitude. It cannot be accomplished overnight. Sound planning is essential.

Here is an opportunity for genuine public service. The community must provide the leadership; and in this leadership, the bankers of the country are destined to play a prominent part.

... Interpret ... Relate

CARL M. FLORA, vice-president, First Wisconsin National Bank, Milwaukee

Despite increasing pressure from government agencies, manufacturers, distributors, and some borrowers for more liberal terms on instalment lending, banks must determine for themselves the terms that can properly be extended in their communities.

The basic principle upon which successful time-sales financing is built has been described as follows: "The purchaser must make a sufficient down-payment to establish a proper equity in the merchandise, and he must be able to pay regular monthly instalments of sufficient amount to increase the equity faster than the merchandise depreciates in average use."

It is evident that the basic factors involved are relatively simple. The problem is to interpret these factors, relate them to existing conditions, and eliminate any unsound practices or fallacious thinking that has crept into our operations.

While sound basic principles do not change, we must be alert and adapt our policies to changing political and economic conditions.

... Study ... Adapt

HAROLD E. RANDALL, vice-president, The First National Bank of Boston

If banks want to insure the operation of their instalment loan business on a sound and profitable basis, they must study their costs and adapt their charges to them.

The four basic cost factors that are common to each loan are: the acquisition cost per loan; the basic liquidation cost per loan; the liquidation cost per instalment; and the per-dollar cost per loan.

I do not want to give the impression that you must always recover your costs regardless of what they are. Your costs may be too high. You may be operating inefficiently; and it is not fair to expect the public to pay for this inefficiency. You should determine your costs, and if they look unreasonable,

survey your procedure and simplify your operation whenever possible before establishing your minimum charges.

\$7-Billion in Repairs

ARTHUR J. FRENTZ, Assistant Commissioner, Federal Housing Administration

In the excitement of building new houses and apartments, the nation must not overlook the more than 37-million existing one-to-four-family units in the country.

These structures, whether one year old or 100 years old, must be preserved and protected. Particularly at this time, when the need for housing is a community problem, it is of paramount importance that all existing dwellings be kept in good condition. New homes must be maintained; old ones repaired.

While most of the public thinks of repairs and improvements as a little paint here or cleaning there, building repair is really big business. It has been estimated that the nation's repair bill for 1949 will be approximately \$7-billion. This includes homes as well as commercial and industrial properties.

As instalment bankers, you must be prepared to finance this job—the largest in your experience.

... to Render Service

JOSEPH E. BIRNIE, president, The Bank of Georgia, Atlanta

The concept that character, plus earning power, is the best security for a personal loan has been proven by four decades of experience in thousands of banks.

Although this is no time for super-

(CONTINUED ON PAGE 122)



Questioner Morris R. Brownell, left, vice-president, Philadelphia National Bank, asks: "In view of the very favorable record of losses, what, in your opinion, would happen to the volume of modernization loans if FHA Title I insurance were to cease?"

The answer from Arthur J. Frentz, assistant commissioner, Federal Housing Administration: "There would be definite tightening up; bankers would have to be extremely careful of credit risks; rates would have to be raised to about the same as those in effect with banks carrying their own insurance now; and there would be an increase in repurchase and re-endorsement of dealer paper."

With Mr. Frentz on the platform are, from left: Clyde C. Shively, vice-president, Ohio National Bank, Columbus; and William Bell, vice-president, First National Bank, Portland, Oregon.



CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Statement of Condition, April 11, 1949

RESOURCES

Cash and Due from Banks	\$ 583,354,763.57
United States Government Obligations	1,076,869,865.20
Other Bonds and Securities	78,972,444.71
Loans and Discounts	358,103,788.97
Stock in Federal Reserve Bank	4,500,000.00
Customers' Liability on Acceptances	1,373,446.57
Income Accrued but Not Collected	5,894,294.45
Banking House	9,825,000.00
	<u>\$2,118,893,603.47</u>

LIABILITIES

Deposits	\$1,919,952,947.21
Acceptances	1,373,446.57
Reserve for Taxes, Interest, and Expenses	9,140,219.64
Reserve for Contingencies	18,109,442.54
Income Collected but Not Earned	477,605.56
Capital Stock	60,000,000.00
Surplus	90,000,000.00
Undivided Profits	19,839,941.95
	<u>\$2,118,893,603.47</u>

United States Government obligations carried at \$178,507,134.12
are pledged to secure public and trust deposits and for other
purposes as required or permitted by law

Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 120)

ficial or unrestrained lending, I am sure we all agree that we should not pull down our shutters and silently steal away from the personal lending field. Actually, it is not inconceivable that more helpful, more constructive, and safer loans can be made during periods of deflation than when we are in a boom economy.

Many banks' first objective is profits; their second objective is to reestablish the public acceptance of the bank in its community; and lastly, to render a service to the community. If this last

objective, instead of being placed third on the list, is placed at the top, then the other two will automatically take care of themselves.

... by Sowing Good Seed

T. B. KING, director, Loan Guaranty Service, Veterans Administration

Increasingly since laying aside their uniforms, many veterans have been acquiring the experience and executive skill essential to successful business management. You gentlemen and the institutions you represent, by sowing good seed in the field of GI business

loans, can perform an invaluable service for these veterans, for your community, and for the entire economy.

Do not think for one moment that I stand here to encourage you to walk heedlessly along the path that borders on the abyss of overextended credit. Both the framers of the law we are discussing here and we who are administering it have been aware from the beginning that nobody can sit in Washington and tell you whether you should or should not make a particular loan. That is for the experience-tempered judgment of the man who sits behind the desk in your institutions. We urge just as firmly that you give advice rather than money to the overenthusiastic veteran who comes to you as we urge that you give credit to the veteran who has a fair prospect of success. That applies equally to home and farm lending as well.



STATEMENT OF CONDITION

At the close of business April 11, 1949

ASSETS

Cash on Hand and Due from Banks	\$104,596,817.89
United States Securities Owned	59,029,820.24
State, County and Municipal Bonds and Other Securities	8,721,671.74
Loans and Discounts	128,037,975.86
Banking House and Equipment	2,984,933.55
Other Assets	1.00
	<u>\$303,371,220.28</u>

LIABILITIES

Capital Stock	\$ 7,500,000.00	
Surplus Fund	7,500,000.00	
Undivided Profits	5,633,463.20	\$ 20,633,463.20
Reserved for Contingencies	1,666,299.15	
Reserved for Taxes, Etc.	1,783,112.02	

DEPOSITS:

Individual	\$209,421,272.81	
Banks and Bankers	64,151,515.69	
U. S. Government	5,715,557.41	\$279,288,345.91
		<u>\$303,371,220.28</u>

First National Bank
in Dallas
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Dallas Clearing House Membership No. 1

Firmness—With Humanity

E. I. H. BENNETT, vice-president, Peoples First National Bank and Trust Company, Pittsburgh

In collecting delinquent loan payments, just as in soliciting new business, banks should use methods which are geared to good public relations.

We should adopt without fail a firm credit policy. You'll gain a great deal of respect by a regular, persistent system of collection; and respect, even with delinquent borrowers, builds better customer relations.

Rules and regulations are essential in this business, and exceptions should be kept as low as possible. However, there are many cases where strict adherence to those rules would impose a hardship on the individual; and if we make those rules inflexible to a point where we are unable to follow the more important rule of human understanding, we will have failed in our responsibility. We know that our customers have financial problems, for if they did not they would not be our customers. We know from the experience of consumer instalment credit as an industry that instalment borrowers are basically honest and will fulfil their obligations if given the opportunity to do so. All of us should have plans which will enable us to put them on a satisfactory work-out basis.

... a Flexible Policy

WILLIAM BELL, vice-president, First National Bank, Portland, Oregon

Automobile financing through the
(CONTINUED ON PAGE 124)

Again!

LE FEBURE Leads

With a Brand New

MACHINE BOOKKEEPING DESK!

SAVE FLOOR SPACE!

SAVE MONEY!



MODEL 9013. One box drawer (inside clear height 5 $\frac{1}{2}$ "", 19 $\frac{1}{16}$ " wide, 22 $\frac{1}{4}$ " deep) for extra forms, operator's personal effects, etc. Card trays for drawer (extra cost) available. Lower compartment with doors, inside clear 15" high, 20 $\frac{1}{2}$ " wide, 23" deep suitable for storage of posting trays. Price \$91.00. Without doors, price \$102.00.

Yes, LeFebure maintains desk leadership with the DELUXE JUNIOR MODEL Machine Bookkeeping Desk. Designed to meet your need for a compact, versatile, efficient and economical desk. The DELUXE JUNIOR MODEL is available in 5 door and drawer arrangements. Improves morale, increases production.

This compact desk permits use of **TWO DESKS AT EACH MACHINE!** A model for bookkeeping supplies and transferred sheets (No. 9014) and another for filing of checks at right of machine (No. 9015). Or one small and one large desk combination. Lap posting equipment also available. Versatility *plus*.

Big desk features and design in a compact, economical unit! LeFebure leadership gives you the newest and best . . . at the lowest possible price. **WE PLAN TO MAINTAIN THAT LEADERSHIP!**

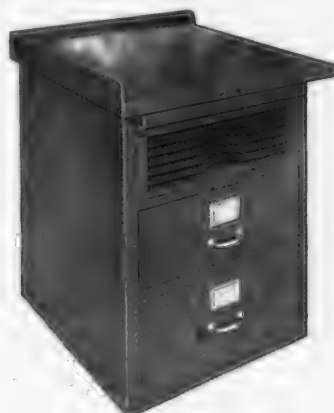
SPECIFICATIONS: All-steel construction, all 5 models have same overall dimensions: Tops 26" wide x 26" deep; 2" flange attaches to right or left; top linoleum covered. Plain non-elevating shelf, 18" wide x 16" deep, extended; all drawers operate smoothly on ball-bearing cradle suspensions; desk pedestal 22" wide x 24" deep; height to desk top 29". Colors: Plain gray or green.



MODEL 9014. Same top drawer as 9013. Large drawer at bottom (14 $\frac{1}{2}$ " high, 19 $\frac{1}{16}$ " wide, 22 $\frac{1}{4}$ " deep) for ledger sheets, etc. Drawer will accommodate 2 ledger card trays for transferred sheets. Card trays at \$13.50 each. Desk price \$108.00.



MODEL 9015. Three box type drawers of same size as top drawer of 9013. Check or card trays available at \$6.85 each. Each drawer accommodates 2 trays. Can use drawer for storing LeFebure Sorter full of sorted checks. Desk, without trays or sorter, \$113.00.



MODEL 9015-J. A journal storage rack, important with type-writer accounting machines using several journals, substituted for top drawer, otherwise the same as Model 9015. Price \$113.00.

PRICES & DELIVERY: The low prices shown are made possible by a large production run with shipments scheduled for 90 days. If more urgent delivery is required or if changes in specifications or colors are needed, delivery can be made from short runs at moderate additional cost. Write for details.

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A non-profit educational foundation

(CONTINUED FROM PAGE 122)

dealer channel is potentially the biggest classification of all the categories of instalment lending. The balances involved are substantial, and the gross income per transaction is in a sizable amount.

The advantages of this type of instalment lending are that the dealer prepares the contract, takes care of the filing and recording of the contract, obtains the certificate of title showing the bank as legal owner, and checks the credit of his retail purchaser because he is just as anxious as you to avoid repossessions.

Direct motor vehicle lending, on the other hand, has these advantages: the lender may choose his own credit risk; the lender may inspect the collateral offered; and the lender may direct the terms of repayment.

Conditions affecting automobile financing are never static, and the absence of a flexible policy will make losses of business and of profits inevitable. Strengthen your collection methods; exercise as much selectivity as you can—and automobile financing will be the most satisfactory category among all your instalment loans from a volume and profit standpoint.

6,000,000 Cars

L. E. BRIGGS, treasurer, Ford Motor Company

As we see it, there are no reasons apparent which would cause a depression or a major business recession. The statistics, as we interpret them, do not forecast one.

Speaking generally, it is the feeling of automotive executives that the downward trend of prices, production, and employment will be of moderate proportions in 1949 and not in the nature of a serious and sudden recession.

The top executives in the automobile business have sincerely expressed their belief in a good business year. To back that up, the industry is stepping up production schedules and talking of a 5½- to 6-million car year. There is good reason to believe such production is not an unrealistic hope.

6,000,000 Sets

Dr. COURTNEY PITT, vice-president, Finance, Philco Corporation

The progress of television in the past two years has surpassed the early days of the automobile, the motion picture, and even radio broadcasting.

(CONTINUED ON PAGE 126)

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CHECK FORGERIES ARE
ON THE INCREASE

*Don't wait
another day*

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WITH A SAFEGUARD CHECKWRITER

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Minimum
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Finest, most economical you have ever used. Yd. sq. pieces, 3 to 4 per lb. Will not mar highly polished surface. Highly absorbent, soft, durable sacking cloth. Freshly laundered, bleached, and ironed smooth. Order by mail. 10 days net, freight collect. Return at our expense if not pleased. ACME COTTON PRODUCTS CO., Dept. WB-2, 2855 W. Lake St., Chicago 12, Ill.

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BANKING

THE NATIONAL CITY BANK OF NEW YORK

Head Office • 55 WALL STREET • New York



Condensed Statement of Condition as of March 31, 1949

Including Domestic and Foreign Branches But Not Including The Affiliated City Bank Farmers Trust Company

(In Dollars Only—Cents Omitted)

ASSETS

Cash, Gold and Due from Banks.....	\$1,419,660,247
United States Government Obligations.....	1,572,195,071
(Direct or Fully Guaranteed)	
Obligations of Other Federal Agencies.....	17,988,577
State and Municipal Securities.....	243,833,896
Other Securities.....	88,477,538
Loans and Discounts.....	1,393,086,182
Real Estate Loans and Securities.....	2,430,712
Customers' Liability for Acceptances.....	20,283,245
Stock in Federal Reserve Bank.....	7,500,000
Ownership of International Banking Corporation.....	7,000,000
Bank Premises.....	27,509,105
Other Assets.....	2,634,777
Total.....	\$4,802,599,350

LIABILITIES

Deposits.....	\$4,444,516,006
Liability on Acceptances and Bills. \$29,178,197	
Less: Own Acceptances in Portfolio.....	7,964,570
Items in Transit with Branches.....	13,121,239
Reserves for:	
Unearned Discount and Other Unearned Income.....	5,686,361
Interest, Taxes, Other Accrued Expenses, etc.	22,848,328
Dividend.....	2,325,000
Capital.....	\$124,000,000
Surplus.....	126,000,000
Undivided Profits.....	42,888,789
Total.....	\$4,802,599,350

Figures of Foreign Branches are as of March 25, 1949.

\$295,262,995 of United States Government Obligations and \$568,480 of other assets are deposited to secure \$210,411,463 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

DIRECTORS

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Williamsville, New York

ROBERT WINTHROP
Robert Winthrop & Co.

(CONTINUED FROM PAGE 124)

This year the industry expects to step up production to about 2,000,000 receivers with a retail value of \$600-million; and by 1950, production and sales should increase to 3,000,000 or more receivers, so that by the end of next year there will be over 6,000,000 television sets in daily use.

No other industry in the history of America has ever grown with this amazing speed.

ONCE a family has television in its home, its members become so attached

to it that they will do everything possible to keep it there.

The financial institutions that have pioneered in television financing are enthusiastic about the new opportunities it presents.

By the beginning of 1950, we believe that there will be about 115 television stations in operation.

These will serve in the neighborhood of 80,000,000 people. Bear in mind that this is over half of the nation's population, and the potential market for receivers will increase by several million more families.

Job Maker—Labor Saver

E. A. MATTISON, executive vice-president, Bank of America, San Francisco

To American industry and to the American people, freedom to borrow means freedom to buy; and we must not plug up an end of the business pipeline by any weak or vacillating policy as far as instalment credit is concerned.

INSTALMENT credit probably has done more than any other factor to increase the American family's enjoyment of life. The automobile, the refrigerator, the electric washing machine, the vacuum cleaner, radio, television—these are only a few of the modern necessities that would be high-priced luxuries far beyond the reach of the average consumer if instalment credit was not available.

Instalment credit is a job maker as well as a labor saver. The labor that is saved in the home is transferred to the factory. The growth figures in the appliance industry tell this story because they stand for jobs in the factory, the distributor's warehouse, and in the retail store; and satisfaction in the home.

SINCE four out of five American families have annual incomes of less than \$5,000, it is apparent that any regulation that prevents these families from buying the necessities of modern living is discriminatory. Where it cuts down production and causes factory shut-downs and layoffs, it is unsound. Where it prevents retailers from selling on the terms of their own selection, it is unjust.

Country Banker R. W. Trefz—"Instalment financing is one of the greatest aids toward the maintenance of our production, agricultural as well as industrial"



THE FORT WORTH NATIONAL BANK FORT WORTH, TEXAS

★
STATEMENT OF CONDITION AT CLOSE OF BUSINESS
APRIL 11, 1949

★ RESOURCES

CASH AND DUE FROM BANKS	\$52,717,209.80
UNITED STATES GOVERNMENT SECURITIES	38,912,962.57
OBLIGATIONS OF STATE AND POLITICAL SUBDIVISIONS	5,947,506.66
OTHER BONDS, NOTES AND DEBENTURES	1,461,868.93
STOCK FEDERAL RESERVE BANK	210,000.00
LOANS AND DISCOUNTS	57,733,817.03
INCOME EARNED—UNCOLLECTED	303,839.67
BANKING HOUSE \$ 1,347,000.00	
FURNITURE AND FIXTURES 1.00	1,347,001.00
OTHER REAL ESTATE	1.00
CUSTOMERS' LIABILITY—LETTERS OF CREDIT	5,000.00
OTHER RESOURCES	54,087.08
TOTAL	<u>\$158,693,293.74</u>

★ LIABILITIES

COMMON STOCK \$ 3,500,000.00	
SURPLUS 3,500,000.00	
UNDIVIDED PROFITS 1,170,141.82	\$ 8,170,141.82
RESERVE FOR CONTINGENCIES	1,500,450.99
RESERVE—AMORTIZATION OF BOND PREMIUMS	792,565.17
RESERVE—TAXES, INTEREST AND EXPENSE	391,443.29
LETTERS OF CREDIT ISSUED	5,000.00
INCOME COLLECTED—UNEARNED	320,809.11
DEPOSITS:	
INDIVIDUAL \$110,038,152.47	
BANK 25,720,499.58	
U. S. GOVERNMENT 2,385,413.98	
OTHER PUBLIC FUNDS 9,368,817.33	147,512,883.36
TOTAL	<u>\$158,693,293.74</u>

U. S. Government and other securities carried at \$18,391,280.18 in the above statement are deposited to secure public funds and for other purposes required or permitted by law

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

NATIONAL BANK OF DETROIT

DETROIT, MICHIGAN

Complete Banking and Trust Service

STATEMENT OF CONDITION, APRIL 11, 1949

RESOURCES

Cash on Hand and Due from Other Banks	\$ 320,161,474.46	
United States Government Securities	591,228,272.06	
Stock of the Federal Reserve Bank	1,500,000.00	
Other Securities	84,714,323.15	
Loans:		
Loans and Discounts	\$ 169,908,122.09	
Real Estate Mortgages	19,883,180.30	219,791,302.39
Accrued Income and Other Resources		4,700,988.71
Branch Buildings and Leasehold Improvements		1,821,543.46
Customers' Liability on Acceptances and Letters of Credit		1,884,958.60
		<u>\$1,225,802,862.83</u>

LIABILITIES

Deposits:		
Commercial, Bank and Savings	\$1,057,008,919.47	
United States Government	60,538,438.44	
Other Public Deposits	39,983,971.22	\$1,157,531,329.13
Accrued Expenses and Other Liabilities		3,542,828.36
Dividend Payable May 2, 1949		600,000.00
Acceptances and Letters of Credit		1,884,958.60
Reserves		3,785,709.73
Capital Funds:		
Common Stock	\$ 15,000,000.00	
Surplus	35,000,000.00	
Undivided Profits	8,458,037.01	58,458,037.01
		<u>\$1,225,802,862.83</u>

United States Government Securities carried at \$105,700,329.50 in the foregoing statement are pledged to secure public deposits, including deposits of \$16,629,352.48 of the Treasurer-State of Michigan, and for other purposes required by law.

DIRECTORS

HENRY E. BODMAN
ROBERT J. BOWMAN
PRENTISS M. BROWN
CHARLES T. FISHER
CHARLES T. FISHER, JR.

JOHN B. FORD, JR.
B. E. HUTCHINSON
ALVAN MACAULEY
WALTER S. McLUCAS
W. DEAN ROBINSON

NATE S. SHAPERO
R. PERRY SHORTS
GEORGE A. STAPLES
R. R. WILLIAMS
C. E. WILSON

TRUST DEPARTMENT

This bank acts as Trustee, Executor and Corporate Agent

Member Federal Deposit Insurance Corporation

Attorney writes Trust Officer:



"...four people...came to me...for drafting wills...as a direct result... of your booklet. They had no previous discussion...with officials of your institution. Needless to say...your bank is executor...in each instance."

The booklet referred to by the attorney is part of a Purse trust promotion program.

Purse programs bring direct results. They pave the way for personal solicitation of trust business.

Write now for a demonstration of a Purse program, designed to get new business for your trust department. No obligation.

THE PURSE COMPANY

Headquarters for Trust Advertising

CHATTANOOGA 2, TENNESSEE

Traffic Problem

(CONTINUED FROM PAGE 54)

Most banks have issued broadsides, leaflets, folders, and statement stuffers illustrating sectional street maps showing location and approaches to their drive-in windows. Many illustrate the actual methods of transacting business. All make a big point of convenience, and stress additional parking facilities if available.

Samples of literature submitted with the 60 reports showed generous use of blotters, book matches, color postal cards, and other incidental novelties. A number of banks used personalized direct mail letters as special announcements and invitations to groups of customers. The Central National Bank of Chicago precanned opinions on the use of its new drive-in from commercial customers and drew a 30 percent favorable poll, with promises to use it when opened.

A clever twist on mail contact was developed by the Merchants National Bank of Syracuse. The general manager of the local Ford distributing agency addressed an open letter to the public on behalf of local car dealers complimenting the bank on initiating drive-in service as a constructive step toward alleviating the local traffic and parking problem. Copies of this letter were widely distributed, both by the bank and by automobile dealers throughout the city.

In most promotions, newspaper and radio advertising play a major role. Good coverage with billboards on main thoroughfares where traffic is heaviest gets attention and action from the car-driving public.

If there is a fault to be found in the methods of promotion, it would be lack of consistent, persistent advertising. Less than half the reporting banks give this service sustained promotion. Some 29 have dropped advertising altogether after the initial effort. Another four say promotion of the drive-in is intermittent. Only 24 report a definite program of consistent advertising. The service may not require a strong campaign over an extended period, but it would appear to deserve frequent mention among the other services designed for customer use and convenience.

(Descriptions of specific drive-ins will appear in an early issue)



SANDERSON IN THE ST. LOUIS STAR-TIMES



Monroe
Bookkeeping Machine
Model 210-285-212

efficiency to bank on

"Tops!"—Bookkeepers' verdict on this versatile, work-hungry Monroe. And for good reasons:

Utility... handles 3 major bank accounting jobs.

Simplicity... fully visible, smoothly gliding carriage cuts noise, vibration to fading point. Matchless Monroe

ease of operation... famous "Velvet Touch" spells

maximum finger comfort... speeds work, swells figure production, banishes fatigue, strain... Backed by Monroe's

built-to-last engineering... and Monroe's nation-

wide, factory-trained service organization. To be sure

... doubly sure of peak posting **efficiency**... specify

Monroe. Phone nearest Monroe branch or write Monroe Calculating Machine Company, Inc., Orange, N. J.

MONROE
MACHINES FOR BUSINESS

CALCULATING
ADDING
ACCOUNTING MACHINES

Bank Operations Aid

(CONTINUED FROM PAGE 58)

A survey, in questionnaire form, will be conducted among member banks with assets of less than \$7,500,000. The form, which will be easily completed, will provide up-to-date information on individual bank service charge practices and related data.

A sample folder is being designed to aid banks using the service charge plan outlined in the booklet *Checking Account Service Charges for Country Banks*

to acquaint their customers with this plan. It may serve as a model in setting up an original mailing piece when the plan is first installed and also serve as a hand-out piece in answering service charge inquiries.

A study will be conducted that will provide a method by which the executive personnel of the country banks can keep regular check on basic external and internal factors affecting the growth and safety of their bank. The study, in addition to the above, will provide:

(1) A framework of information by which policy decisions can be guided.

(2) A ready source of analysis to inform bank directors, customers and others regarding reasons for banking decisions and to assist them in their business and financial problems.

(3) A bibliography of sources from which vital national, local and institutional data can be obtained and to encourage use by banks of this data for better and more intelligent bank operations.

A study illustrating and describing a single posting bookkeeping system for the smaller banks is being conducted. It is not intended to set this study up as a recommendation, but instead, as a guide to those smaller banks which desire to change to single posting and want assistance in making this change.

A study of investment policies and related data was made among member banks in that group with total assets of less than \$10,000,000 as of their positions on June 30, 1948. The Commission feels that a sufficient change will take place in our economy to necessitate a similar study as of June 30, 1950. It is planned to present this study in a form very similar to that of 1948, for comparative purposes.

Membership

Besides Mr. Trefz, the Commission is composed of D. H. Erdman, president, Quakertown (Pa.) Trust Company; F. C. Forrest, president, First National Bank, Pullman, Wash.; W. A. Lane, president, Security Savings Bank, Marshalltown, Ia.; O. B. Larsen, vice-president, Pajaro Valley National Bank, Watsonville, Cal.; R. B. Linsley, president, First National Bank, Three Rivers, Mich.; A. A. McKethan, president, Hernando State Bank, Brooksville, Fla.; G. H. Miller, Jr., president, Culpeper (Va.) National Bank; G. I. Miller, cashier, Falmouth (Mass.) National Bank; H. F. Nelson, vice-president, Guaranty State Bank, Topeka, Kan.; Alonzo Petteys, vice-president, Farmers State Bank, Brush, Col.; F. R. Rantz, president, Elliott State Bank, Jacksonville, Ill.; N. S. Roberts, president, State National Bank, Corsicana, Tex.; P. A. Warner, executive vice-president, Knox County Savings Bank, Mount Vernon, O.; C. E. Williamson, cashier, Bank of Albany, Oregon; G. R. Amy, A.B.A. deputy manager and secretary of the Commission; and C. E. Betts, Jr., assistant secretary.

This meeting was also attended by A.B.A. Deputy Managers A. G. Brown (Agricultural Commission), M. C. Miller (Bank Management Commission), and William Powers (Customer and Personnel Relations).

MARSH & McLENNAN

INCORPORATED

Insurance Brokers

ACTUARIES AND
AVERAGE ADJUSTERS

Chicago	New York	San Francisco	Detroit
Washington	Pittsburgh	Minneapolis	Boston
Buffalo	Cleveland	Columbus	Indianapolis
Superior	Duluth	St. Paul	St. Louis
Los Angeles	Phoenix	Seattle	Portland
Vancouver	Montreal	Havana	London

You and Owe



You may risk greater loss through interruption of business for which you extend credit than may result from destruction of physical properties alone. We'll explain the how and why of U. and O. (Use and Occupancy) insurance if you'll mail us this advertisement clipped to your letterhead.

THE PHOENIX-CONNECTICUT GROUP OF FIRE INSURANCE COMPANIES, HARTFORD, CONN.

Combined Statement December 31, 1947

Assets	\$106,262,644
Liabilities	51,292,949
Surplus to policyholders	54,969,698
Losses paid to December 31, 1947	422,207,611



COMPARE

The ENTERPRISE of FREE MEN

with that of the enslaved or regimented...

At this season, in many cities, meetings of bankers afford an inspiring example of the enterprise of free men.

What is the function of the Bank in our economy? As with all business, all citizens . . . to defend that atmosphere of Freedom in which enterprise thrives—to cooperate in creating that greater abundance which provides higher standards of living for all. This is America's pattern of progress.

* * *

The Harris Trust and Savings Bank constantly strives to follow this pattern of service . . . and in its cooperation with other banks, has developed 9 services which many of its correspondents have found of solid value:

- ☐ Cost and operating surveys for banks
- ☐ Government portfolio counsel
- ☐ Government security transactions
- ☐ Municipal and corporation bond counsel
- ☐ Safekeeping of securities
- ☐ Excess loans
- ☐ Credit information and counsel
- ☐ City and country collections
- ☐ Complete foreign services

We hope you will check the list and write us about any of these services that interest you.

Harris Trust and Savings Bank

Organized as N. W. Harris & Co. 1882 • Incorporated 1907

115 West Monroe Street, Chicago 90

Member Federal Deposit Insurance Corporation

A Day with the National Debt

(CONTINUED FROM PAGE 36)

in the Treasury Building enables him to feel the pulse of business and finance, and of public psychology.

The Secretary receives between 300 and 400 visitors a month, not including Treasury officials. Those from outside include officials of other government departments, businessmen, bankers, Congressmen, members of the diplomatic corps and out-of-town personal friends. He receives between 800 and 1,000 letters a week and has innumerable incoming 'phone calls from the Treasury staff and from non-Treasury callers and many persons not connected with the Government.



As the afternoon wings along, here is a view (above, left) of the reception room with several callers who have appointments. They are Eugene R. Black, U. S. Director of the International Bank, Norman S. Buchanan, newly appointed Secretary of the President's Com-

As he goes about the country on many speaking engagements, Mr. Snyder, always a good listener, adds to the fund of knowledge on which he must draw when he makes a financing decision, a decision whose responsibility is the Secretary's alone.

Not less than once weekly the Secretary nowadays must decide what to do about a maturing bill issue, currently never less than \$900-million. Should it be paid off, rolled over, or increased? There are more than \$11-billion of such bills outstanding—as much as the entire “war debts” of World War I when they were funded. Almost every month Mr. Snyder must decide on the handling of maturing certificates and short-term Treasury notes. In nine of the next 12 months this decision must be made, involving about

Arriving at the reception room to keep appointments are Comptroller of the Currency Preston Delano and Maple T. Harl, Chairman of the FDIC (left). Another important appointment on this particular day was with Chairman McCabe of the Federal Reserve System. Mr. McCabe was called out of town unexpectedly

Here the Secretary catches a few minutes to work on a speech (below)



mittee on Financing Foreign Trade, Assistant Secretary Martin, and Miss Jacqueline Squires, Secretary in the reception room. Also (above, right) at frequent intervals during the day, reports reach his desk on stock and bond trading and commodity futures

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WIKING



Also once a week there's a regular press interview

And finally, a dozen non-Washington visitors and 150 letters later, and without the punctuality of his morning arrival, the Secretary leaves for home

\$32½-billion of the debt. Then there are long-term bonds maturing or callable: five different issues in the next half year, to the tune of \$7½-billion. Finally, there is the non-marketable debt, savings bonds, handled by a separate organization in the Treasury. During May and June in the Opportunity Savings Bonds Drive the Treasury will try to sell more than \$1-billion of Series E-bonds.

No Lack of Reports

To keep the Secretary informed, his staff supplies him with special memoranda on Treasury receipts and expenditures, new issues, economic trends, tax developments, and the like. He has a staff of economists and expert research men under the direction of Dr. George Haas who keep up-to-the-minute watch on such things as the budget, receipts and expenditures, cash surplus, savings bond and note sales, bond, note and certificate maturities, total private and public debt, investment portfolios of insurance companies, all banks and savings and loan associations, current assets of corporations and statistics on debt ownership. Seven times within the day Mr. Snyder receives a report on quotations on each of the outstanding Treasury bonds certificates, notes and bills, as well as World Bank debentures, with special memos whenever developments warrant. He also is supplied during the day with frequent reports on stock and bond trading and commodity futures. And all this must be sandwiched in between visits of distinguished foreigners, attendance at Cabinet meetings, press conferences, public addresses, luncheons at embassies, and what not. Yes, managing the debt today is a man-sized job.



May 1949

ANNOUNCEMENT

INVESTORS SYNDICATE

will henceforth be known as

INVESTORS DIVERSIFIED SERVICES, INC.

Founded in 1894, Investors Syndicate enters its 55th year under the more descriptive name of Investors Diversified Services, Inc. As a national distributor of investment securities and as the nation's sixth largest source of mortgage money, the firm manages assets in excess of \$580,000,000. The change of name was voted at a meeting of the stockholders, in order to acquire a name that more clearly describes the company's present broad field of services.

Affiliated and subsidiary companies are as follows:

INVESTORS SYNDICATE OF AMERICA, INC.

INVESTORS MUTUAL, INC.

INVESTORS SELECTIVE FUND, INC.

INVESTORS STOCK FUND, INC.

INVESTORS SYNDICATE TITLE & GUARANTY CO.

INVESTORS SYNDICATE OF CANADA, LTD.

ROANOKE BUILDING, MINNEAPOLIS, MINNESOTA



ARE YOU LOOKING TOWARDS PERU . . . ?

The promotion of Peruvian foreign trade has been one of the main objects of our bank ever since its foundation 60 years ago. If you are interested in doing business in Peru a letter addressed to us will assure you our friendly co-operation.

BANCO DE CREDITO DEL PERU

Head Office - - LIMA

52 Branches Throughout the Country

CAPITAL - S/22,000,000.00

SURPLUS - S/44,656,975.58

"Peru's Oldest National Commercial Bank"

*Write Today for a Sample Copy
of*

BANKING'S NEWSLETTER

12 East 36th Street • New York 16, N. Y.

G.S.B. Faculty—Alumni

(CONTINUED FROM PAGE 84)

In another skit a G.S.B. shorty sat on the knee of a ventriloquist and brought down the house with his amazingly good portrayal of the dummy. The ventriloquist was versed in the idiosyncrasies of members of his audience, and didn't pull his punches in his good-natured ribbing.

Jelling of Curriculum

Final jelling of the 1949 curriculum was done at informal sessions held by the nine specialized faculty groups following the noon faculty luncheon. Instructors in each department—Commercial Banking, Savings Management, Trusts, Investments, Government and Banking, Economics, Freshmen Orientation, and Public Relations—were in touch with each other during the winter and a good many details of the resident session were synchronized by mail.

The two-week session at Rutgers is broken down into 48 hours of morning lecture hours and 12 hours of informal afternoon discussion sessions for each of the four majors. Most faculty members are assigned not more than eight hours of major lecture time in the two weeks.

At its New York conference, the faculty decided how subjects were to be divided and how much area each man would cover so as to avoid overlapping. They also agreed among themselves on the actual hours and days each man would appear on the lecture schedule, so as to achieve continuity and cogency.

The thesis advising routine was also reviewed and adjusted to meet revised procedures. Policies to be followed at the thesis panel examinations for seniors on Saturday preceding the formal opening of classes were examined to see what improvements could be made in established practices. These sessions also offered faculty members opportunities to smooth out any kinks that may have arisen in their previous year's schedules. They were invaluable, too, in helping the new faculty members to orient their thinking to Graduate School procedures.

The G.S.B. curriculum instills in the students an insatiable desire for continuing study and research in banking procedures and in economics. The alumni associations are among the avenues offering opportunities for continued study. At the alumni conference at the Biltmore, leading banking authorities addressed sessions for members of each of the four major courses.

—MARY B. LEACH

BANKING

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Chairman, The Sperry & Hutchinson Co.

EDGAR S. BLOOM

Chairman, Atlantic, Gulf and West Indies Steamship Lines

ALVIN G. BRUSH

Chairman, American Home Products Corporation

LOU R. CRANDALL

President, George A. Fuller Company

CHARLES A. DANA

Chairman, Dana Corporation

HORACE C. FLANIGAN

Vice-Chairman of the Board

JOHN M. FRANKLIN

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President, Gerli & Co., Inc.

HARVEY D. GIBSON

President

FREDERICK GRETSCH

President, Lincoln Savings Bank

JOHN L. JOHNSTON

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Simpson Thacher & Bartlett

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Chairman, Curtis-Wright Corporation

HENRY C. VON ELM

Chairman of the Board

ALBERT N. WILLIAMS

President, Westinghouse Air Brake Company

MANUFACTURERS TRUST COMPANY

*Condensed Statement of Condition as at close of business
March 31, 1949*

RESOURCES

Cash and Due from Banks	\$ 675,610,338.00
U. S. Government Securities	939,830,529.77
U. S. Government Insured F. H. A.	
Mortgages	5,149,896.01
State and Municipal Bonds	32,642,276.62
Stock of Federal Reserve Bank	3,150,000.00
Other Securities	17,158,660.85
Loans, Bills Purchased and Bankers'	
Acceptances	572,763,555.83
Mortgages	17,216,948.40
Banking Houses	10,310,390.72
Other Real Estate Equities	450,815.40
Customers' Liability for Acceptances	4,509,955.52
Accrued Interest and Other Resources	5,672,038.13
	<u>\$2,284,465,405.25</u>

LIABILITIES

Capital	\$45,000,000.00	
Surplus	60,000,000.00	
Undivided Profits	29,581,940.82	\$ 134,581,940.82
Reserve for Contingencies	4,551,021.13	
Reserves for Taxes,		
Unearned Discount, Interest, etc.	5,886,245.47	
Dividend Payable April 15, 1949	1,350,000.00	
Outstanding Acceptances	4,796,364.52	
Liability as Endorser on Acceptances		
and Foreign Bills	2,442,408.50	
Cash held as Collateral or in Escrow	19,249,626.45	
Deposits	2,111,607,798.36	
	<u>\$2,284,465,405.25</u>	

United States Government and other securities carried at \$90,989,270.22 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.

Head Office: 55 Broad Street, New York City

MORE THAN 75 OFFICES IN GREATER NEW YORK

European Representative Office: 1, Cornhill, London, E. C. 3

Member Federal Reserve System

Member New York Clearing House Association

Member Federal Deposit Insurance Corporation

News for Country Bankers

(CONTINUED FROM PAGE 64)

1000-point agricultural award—has approved a 1949 farm youth activities budget of \$4,460. Close to two-thirds of the fund, i.e., \$2,995, was allocated to 4-H Club projects, while the remainder, \$1,464, was set aside for Future Farmers of America activities.

Arrangements have been completed by the association to repeat its Bankers Day program at the 4-H Club Summer School in Corvallis on June 21. About 2,000 4-H Club students will be in attendance.

The OBA followed its established practice in the early spring of sponsoring a western and an eastern agricultural conference in cooperation with the Oregon State College. The western conference was devoted to a study of the problems arising from turkey and beef cattle raising and dairy farming. At the eastern conference the broad theme of range livestock management was explored.

Banker's Farm Lab

LEARN to speak a farmer's language if you wish to gain his friendship and goodwill."

That's the motto of A. A. Endres, executive vice-president of the Security Bank & Trust Company of Owatonna, Minnesota. Five years ago he purchased a typical southern Minnesota farm because he wanted to get first-hand experience with a variety of farm problems. The buildings on this farm were badly run down and the land needed to be built up to a higher state of fertility.

"I learned more about farming in a single year from wrestling with that place than I had previously gained from 30 years of visiting with farmers," Mr. Endres asserts. "Now I know how much farmers have to pay for fencing and fertilizer. I can sympathize with them when they complain about the high price of farm implements. On my visits to their farms I do a little comparing of butterfat averages with farm customers. Farmers like that. They appreciate a discussion of farm work and problems with a banker who seems to know the score in their business."

Mr. Endres makes frequent calls on depositors out in the rural areas. He also takes part in the tours of farms in the Owatonna area arranged by specialists of the Minnesota Extension Service. He rides along with the farmers and listens attentively to the

lectures. What's more, he takes part in the discussions at each stop.

"The average farmer is a bit timid about asking questions of experts like Henry Zavoral, the swine specialist," he explains. "I'm not afraid to display my curiosity by questioning these fellows. Occasionally I'll ask a question that may make a veteran farmer chuckle up his sleeve but I'm asking questions about things that perplex me and the young fellow who farms the place for me. The contacts I make on the tours often result in new business, too."

And he takes an active part in 4-H and FFA projects, posting prizes and attending the meetings.

"However," he insists, "the best move we've made toward bettering this bank's relations with farmers was my venture into farming. It's paid mighty good dividends not only to me but to the bank as well."

Kentucky Bulletins to Members

THE Kentucky Bankers Association issues periodic reports to member banks on the progress of its agricultural program on a special "agricultural bulletin" letterhead. These bulletins are instructive and informal in content and presentation. This practice was started shortly after the appointment of John F. Graham as the association's statewide agricultural representative.

In a recent issue of the bulletin appeared these enlightening bits of news:

"Your agricultural representative has had the pleasure of visiting the banks and some of the agricultural workers in 92 counties of the state since our convention.

"The most popular activity at the county level will be bank-sponsored

farm field meetings or farm management meetings, as we prefer to call them, patterned after the field meetings sponsored by your association in cooperation with the Federal Reserve banks of Cleveland and St. Louis and the College of Agriculture. These meetings, sponsored by the banks in the counties in cooperation with local agricultural workers and leaders, with farmers as guests, will number about 75 in 1949. . . .

"The Kentucky Purebred Livestock Association is making plans to initiate a statewide program to promote livestock improvement. Your agricultural representative is a director of this association and is serving on a committee to draft plans. . . .

"Our greatest opportunity in expanding our agricultural income is in livestock and livestock products. Any assistance we may give to boost the purebred livestock industry in our state will pay dividends in increased bank deposits."

Key Banker Study

A LETTER has been addressed to the secretaries of state bankers associations in the Central States Conference by Carl G. Swanson, secretary of the Nebraska Bankers Association, asking for data on the county key banker organizations in those states.

The NBA hopes this study will turn up enough original ideas to enable it to modernize its county key banker procedures and thus get more effective returns from this activity.

A Farmer's Credit Guide

Where to Get Farm Credit is a 24-page booklet recently published by the New Jersey Agricultural Experi-

What's Expected Now?

It is the job of organized banking to study and bring to the attention of its members the various plans that have application to a particular type of financing. In turn, it is the duty of sound bankers to become familiar with the various plans that have been used and found effective.

In the case of farm equipment financing, organized banking, through the American Bankers Association, performed a real service when, in 1946, it published a brochure under the title *Farm Equipment Financing by Banks*. All of us, who want to avoid the criticism leveled at our profession in the past and who have any contacts with farm equipment dealers, owe it to ourselves to study this booklet and become familiar with the several plans it discusses in detail. . . . Organized bank-

ing fails if it does not pass on to its members the benefit of their cumulative experience. But organized banking cannot presume to substitute its judgment for that of the individual banker and tell the individual banker there is only one best way to proceed.

As chairman of your credit council, I urge those of you who have farm implement dealer contacts to make use of the American Bankers Association's manual on this subject. At the same time, I would be both presumptuous and unsound to try to find any one single best plan which you should apply to all credits in this particular field.—

KENNETH K. DU VALL, president, First National Bank, Appleton, and chairman, credit council, Wisconsin Bankers Association.

ment Station at Rutgers University to guide the state's farmers in obtaining capital and production loans.

After giving a definition of "credit," the booklet explores a variety of subjects having a direct bearing on borrowing and lending practices. These include capital and credit needs of New Jersey agriculture, sources of credit, the borrower's responsibility, how to get a loan, and choosing the lender. It also includes several case histories of bank loans to farmers in which mention is made of some of the technical aspects of the procedures.

The booklet also includes 10 department rules for farmers who apply—or consider applying—for a loan, and, in addition, lists eight admonitions to guide them in their selection of lenders. They are reminded to "look for a lender who (1) remembers that the farmer is human and that he often needs advice; (2) fits the loan to the farmer's needs; (3) processes the loan as quickly as possible; (4) understands that loans must be repaid from farm income and therefore does not give undue emphasis to collateral; (5) has a good understanding of farming; (6) knows that interest rates should be reasonable; (7) appreciates that a lender's success depends on the success of the farmers he serves; and (8) gives credit where credit is due."

Jesse Tapp's Farm Lending Forecast

THE position of farm borrowers, banks, and other lenders on farm real estate is greatly improved over what it was immediately following World War I by reason of the changes in the methods of handling such loans in recent years, according to Jesse W. Tapp, vice-president, Bank of America, San Francisco, who presided at the farm mortgage luncheon of the Western Savings and Mortgage Conference of the American Bankers Association in San Francisco. Mr. Tapp was moderator of a panel of agricultural credit experts. Picture on page 86.

"The demand for long term farm mortgage loans may be expected to increase during the next few years," said Mr. Tapp. "Some of the increased demand will come from farmers desiring to refinance existing indebtedness by spreading the repayment over a longer period of years. This tendency will be encouraged if the trend toward a lower net farm income, now typical of most segments of agriculture, continues.

"The increased capital requirements of farmers for machinery and equipment and for the gradual growth in size of typical farming units will also mean an



"Thanks, farm's fine, Ed. Say, been meanin' to ask you: How about being my pallbearer when I go? You fellows have carried me all my life. Might just as well finish the job!"

increasing use of farm real estate credit.

"Because of the great shifts in population which have occurred in recent years, it is also possible that readjustments in the type of agriculture to meet the changing needs of available markets will require the use of more long term credit by many farmers.

"The opportunities for constructive lending will be ample. The challenge to the banker is to see that the type and amounts of credit extended are appropriate to the needs of the farmers and to their ability to repay."

Florida's Farm Inventory

SAMPLE copies of the *Annual Farm Inventory*—a 20-page booklet developed by the Department of Agricultural Economics of the University of Florida in cooperation with the agricultural committee of the Florida Bankers Association—have been sent to all Florida banks. The agricultural committee urged the banks to place the books in the hands of all types of agricultural customers.

"It makes little difference whether these customers are borrowers at the moment, as the information submitted will be helpful to both you and them when they come in for accommodation," said E. J. Folmer, agricultural committee chairman, in submitting the samples. Mr. Folmer is vice-president and cashier, Bank of Bonifay.

The *Inventory* leads off with simple explanations of what a farm inventory is, when it should be taken and how, the value of taking the second inventory, importance of inventorying work stock and equipment, and what the two inventories will show.

The next pages include forms for inventorying the farm home and acreage, cattle and poultry, feeds and harvested crops, miscellaneous supplies, equipment, growing crops, accounts receivable, cash, mortgages and other secured debts, accounts payable or unsecured debts, summary, and credit statement. The credit statement is in duplicate, one copy being perforated so that it may easily be torn out and presented to the farmer's banker.

The inventory guide is free to the banks and they are privileged to order as many copies as they can use to advantage. In placing orders, the banks agree to follow through on the copies distributed in an effort to obtain properly filled-out financial statements.

Vermont Account Book

THE two-part *Farm Account Book* of the Vermont College of Agriculture has been completely revised by Verle Houghaboom, assistant extension agronomist, to help farmers keep simple and accurate records of their business transactions. The book is planned to conform to income tax requirements, in the hope that more farmers can be encouraged to keep records.

A new part one, which is devoted to receipts and expenses, will be required each year, while part two is a 7-year inventory and depreciation schedule.

Several Vermont banks, it is reported, follow the practice of distributing account books free, or at cost of printing, to interested farmers. The college account book is being distributed by county agents, agricultural instructors, vocational agriculture instructors, banks, and other groups. There is a nominal charge for each section.

350 in Calf Name Contest

THE Holstein bull calf naming contest sponsored by the agricultural committee of the Connecticut Bankers Association brought out over 350 suggested names from Nutmeg State 4-H Club and Future Farmer members.

The calf came from the famed dairy herd of O. H. Cleverley in Werners, New York, and was bought by the association for presentation to the Connecticut Artificial Breeding Association. The calf entered the contest with the given name Airy Ridge.

Prizes of \$20, \$10, and \$5 were offered for the three best names submitted. Albert W. Steeves of New Hartford won the contest with the entry Airy Ridge Bankers Laurel Lad. The 4-H Clubs and FFA chapters to which the winners belong received \$5 awards.

"You and Your Family"

(CONTINUED FROM PAGE 43)

have branches; all have trust officers and prospects, and if they don't have a hall they have the money to hire one. So, step-by-step descriptions of the opening forums in the Oregon series may supply useful ideas—and certainly will furnish tried precedents—to any who may be contemplating forums of their own.

Attendance was on invitation—not a formal card, but a friendly letter over the signature of the bank's president. The letter said:

Dear Mr. B—:

Today every estate owner is tax conscious and in search of ways and means of minimizing estate taxes and accomplishing experienced and permanent, yet economical, management of his estate holdings. A major function of our trust department is to design an estate plan that will best answer the requirements of each individual.

With this in view I am happy to announce that four experienced officers of our trust department will be in Eugene on Friday, March 25, 1949, to discuss with you, in an estate and trust forum, appropriate methods of dealing with the problems of a typical American family. They propose to set up an estate plan and to explain the exact procedures followed after the will becomes effective.

We feel that you will enjoy and profit by spending the evening with us discussing problems which come to the majority of families in this country.

You and your family are cordially invited to attend the discussions and the social hour which will follow. The meeting will be held at the Persian Room of the Eugene Hotel at 7:30 P.M., concluding about 9:15 P.M. In order that we may provide accommodations for all who wish to attend, I would appreciate your signing and returning the enclosed card.

Sincerely

President

Note the emphasis on "you and your family." Estate planning is not conceived of as a one-man affair. Include the wife and the older children in the planning.

Similar letters were written to local lawyers and insurance men by Mr. Alton. To the lawyers was said: "It is unnecessary to state that in developing the idea behind this forum we shall recommend and encourage the drafting and periodical revision of wills by the personal attorneys of the people involved." And to the insurance underwriters: "We shall recommend and encourage the proper use of insurance in estate planning."

In each case a card was enclosed, addressed to Mr. Alton at the Portland office: "I expect to attend the estate and trust forum meeting at the Chamber of Commerce, Salem, on Friday, March 4, 1949. Please reserve . . . seats for me and members of my family."

To each card that was returned, Mr. Alton wrote a cordial reply; there was a reminder of the time—7:30 P.M.—and to the "social hour" was added the promise of refreshments.

Then the local newspapers took up the story. There was no false modesty. Pictures of Mr. Alton; of the branch officer who would serve as presiding officer; prominent headlines; generous text. The meeting took on the aspect of "quite an affair."

To the meeting in Salem, 175 guests came—about a third of those invited. At Eugene the attendance was 142 out of 236 invitees. (Note that acceptance was nearly double in

the second case, for which some credit is given to improvement in the text of the letter. We have quoted you the improved version.) After introductions, limited to five minutes, Mr. Alton spoke for not more than 10 minutes in general terms on "The Estate and Trust Forum"—background, and a sketch of what was to come. Then D. W. Mackay, trust officer, in the longest talk of the evening (about half an hour) described in detail "A Typical Estate Plan." The hypothetical case assumed a taxable estate of \$200,000, later played with variations. Probable taxes were computed and the application of the marital deduction explained. Charts supplemented Mr. Mackay's explanations, several of which are visible in the pictures.

After a brief recess, L. B. Staver, trust officer, resumed with "The Estate Plan in Action." This was a 20-minute talk, divided into acts as if it were a play, on the recurrent drama of estate settlement. The final talk, of similar brevity, was given by Eugene J. Overman, trust officer, on the subject of "Trust Investments under Present-Day Conditions." It dared to discuss specific corporate situations in the course of expounding a trustee's investment philosophy.

Something To Eat; Something To Take Home

Thus—and with intervening brief question periods—was the time spent from 7:30 to 9:15. Then came the refreshments. At Salem an elaborate buffet supper was served, built around roast beef, ham and turkey. "Too much!" some said. At Eugene the menu was cut to sandwiches, cake, etc.

An important principle was observed: *At a forum meeting, always give the audience something to take home.* There were souvenirs in generous measure: pencils bearing the bank's name and imprinted notebooks for the taking of notes. There were printed programs; a booklet, "Experienced Management for Property and Estates," subtitled "What We Can Do for You"; up-to-date tables of estate, gift and personal income taxes—both state and Federal. Mimeographed copies of the talks were distributed at the end of the meeting—and we are sure that copies will be sent by Mr. Alton to readers of this article who might write him. The bank had souvenirs, too, in the form of signed attendance cards—the makings of a prospect list *par excellence*.

The cost of the Salem meeting was estimated at \$3 per guest, of which \$2 represented the buffet supper; this estimate did not include transportation of the participating officials from Portland. At Eugene, costs were cut to \$1.80. In both cases, estimates included rental of the meeting room used, which was the Chamber of Commerce auditorium at Salem and the Persian Room of the Eugene Hotel, and also included the cost of the material distributed at the meeting. The saving at Eugene was largely in the cost of the refreshments served.

According to Harry F. Prideaux, assistant trust officer, to whom we are indebted for the details recited in this report, the meetings were rated as "tremendously successful." Not merely was there attentive interest and searching interrogation of the speakers by the audience. In each case there was all of the warmth of a big family party. It is noteworthy that at the end of each meeting the officer in charge of the branch said (using almost identical words on each occasion) "Well, I don't know what this has done for you fellows, but it has certainly done a great deal for us down here." These officers were speaking from the standpoint of deposits and community goodwill—immediate benefits—whereas the benefits to the trust department are bound to be long range.

THE RESOURCES WHICH PROTECT THE POLICYHOLDERS OF THE COMMERCIAL UNION - OCEAN GROUP



UNITED STATES RESOURCES DECEMBER 31, 1948

COMPANIES OF THE COMMERCIAL UNION - OCEAN GROUP	* TOTAL ADMITTED ASSETS	RESERVE FOR LIABILITIES	* POLICY- HOLDERS' SURPLUS	SECURITIES DEPOSITED AS REQUIRED BY LAW	MARKET VALUES * (See note below)	
					ADMITTED ASSETS	POLICYHOLDERS' SURPLUS
Commercial Union Assurance Co. Ltd. † ORGANIZED 1861	\$23,976,609	\$16,336,022	\$7,640,587	\$1,064,522	\$24,217,088	\$7,881,066
The Ocean Accident & Guarantee Corp. Ltd. † ORGANIZED 1871	27,830,667	21,879,066	5,951,601	985,009	28,126,163	6,247,097
American Central Insurance Company ORGANIZED 1853	10,873,654	7,043,326	3,830,328	388,151	11,043,797	4,000,471
The British General Insurance Co. Ltd. † ORGANIZED 1904	1,778,235	1,044,366	733,869	651,864	1,780,951	736,585
The California Insurance Company ORGANIZED 1864	7,167,014	4,289,154	2,877,860	365,914	7,287,975	2,998,821
Columbia Casualty Company ORGANIZED 1920	14,951,579	10,990,925	3,960,654	734,576	15,106,632	4,115,706
The Commercial Union Fire Ins. Co. of N.Y. ORGANIZED 1890	5,016,981	3,397,111	1,619,870	331,580	5,059,180	1,662,070
The Palatine Insurance Company Ltd. † ORGANIZED 1886	4,228,696	2,390,169	1,838,527	629,476	4,313,598	1,923,429
Union Assurance Society Limited † ORGANIZED 1714	3,464,719	2,366,273	1,098,446	636,181	3,539,865	1,173,592

† U. S. Branch

* If all Bonds and Stocks owned were valued on the basis of December 31, 1948 Market Values, the Total Admitted Assets and Policyholders' Surplus would correspond to the amounts shown in the last two columns at the right.

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Business Aids

EACH month this column will list recent acquisitions of manufacturers' literature supplementing the material indexed in 1947 by the A.B.A. Small Business Credit Commission which is formulating plans to assist banks in a wider use of available material for aiding the small businessman. Meanwhile the Commission has repeated its recommendation that greater use be made by banks and their customers of the many valuable booklets and bulletins issued by the Small Business Division of the U. S. Department of Commerce. More than a million of their "Establishing and Operating" booklets have been sold, at prices ranging from 10 cents to 60 cents each—and several hundred banks have purchased the entire set of 43 titles for \$13.60. Some of those in constant demand are "Establishing



and Operating an . . . Automobile Repair Shop" (141 pages, 35 cents), "Service Station" (198 pages, 35 cents), "Mail Order Business" (113 pages, 25 cents), "Grocery Store" (375 pages, 55 cents), "Electrical Appliance and Radio Shop" (199 pages, 35 cents), "Real Estate and Insurance Brokerage Business" (137 pages, 30 cents).

There are nearly 500 Small Business Aids special bulletins on management, production, etc., now listed and available from the Small Business Division of the U. S. Department of Commerce. These bulletins are distributed on request (free) and many of them are reprinted by various organizations, bringing their estimated monthly circulation to approximately 180,000 copies. A few of the recent titles of these bulletins are:

"Modernization Plan for the General Store" (No. 455)

"The Growing Danger of Inventory Losses" (No. 453)

"Quicker Check-Outs for Self-Service Grocery Stores" (No. 454)

"A Check List for Office Forms" (No. 459)

"Reducing Accident Costs—Setting Up Safety Committees" (No. 461)

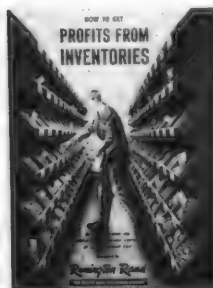


CONTENTS OF 399 EMPLOYEE MAGAZINES. A 72-page illustrated report on the results of a study made of employee magazines. Offers information on types of articles included in these magazines, suggestions helpful in planning, and methods of checking employee interest in such publications.

Also available is TELLING EMPLOYEES ABOUT BUSINESS OPERATIONS: THE COM-

PANY. A 56-page booklet dealing with various media used for the same purpose. Includes employee publications, machinery set up to answer rumors and employees' questions, booklets, bulletins, letters to employees, supervisory education, results of reader interest survey of employee magazines, etc.

The above reports were prepared by the Metropolitan Life Insurance Company for group-insured companies. A limited supply is available to executives who write on their business stationery to Policy Holders Service Bureau, Metropolitan Life Insurance Company, New York 10, New York.



HOW TO GET PROFITS FROM INVENTORIES, a new 24-page illustrated booklet. It pictures and describes the most modern methods of simplifying the management of stocks to prevent losses either from too much or too little. Explains how to balance supplies of each item against demand; determine most profitable turnover rates for individual items; determine trends and anticipate changes in demand for

stock items; cut the costs of buying, owning, warehousing, and disbursing stocks; lower "break-even" points through release of capital, etc. Copies may be obtained from any office of Remington Rand or write to J. A. Grundy, Manager,

Systems and Methods Research Department, Remington Rand, Inc., 315 Fourth Avenue, New York 10, N. Y.



LET'S BUILD A HOME. This 22-page booklet, including attractive, colored illustrations, contains many ideas on the use of steel in the home. Points out the strength, durability, and safety of this metal for use in basic construction, and discusses the efficiency, usefulness and beauty of steel in basement, kitchen, and bath, as well as for interior trim throughout the house.

A companion booklet, LET'S FURNISH A HOME is also available. Write to Carnegie-Illinois Steel Corp., Pittsburgh 30, Pa.



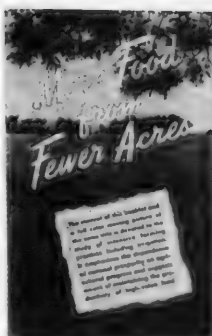
THE GROCERY BUSINESS, a 24-page illustrated digest of the highlights of modern food store operation for the benefit of prospective store owners, present owners, and those called upon for advice regarding retail opportunities and problems. Briefly discusses the risks and rewards of this business, necessary personnel and financial requirements, terms of purchase or rental, and offers suggestions as to location, layout, inventory, etc. Other information digests in a series by Small Business Advisory Service: THE HOME APPLIANCE BUSINESS, THE WOMEN'S READY-TO-WEAR BUSINESS, and THE RESTAURANT BUSINESS. Write Bank of America, Small Business Advisory Service,

300 Montgomery Street, San Francisco 20, California.



DREAM KITCHENS FOR A SONG. A 20-page booklet, handsomely illustrated in color, showing a variety of ideas for modern kitchens. Includes descriptions and dimensions of individual units and a number of suggested floor plans combining various units. Supplemental 8-page booklet describes an automatic waste-disposer adaptable to most kitchen sinks, with its specifications and operation. Available from **Mullins Manufacturing Corporation, Warren, Ohio.**

able from **Mullins Manufacturing Corporation, Warren, Ohio.**



MORE FOOD FROM FEWER ACRES. A 16-page illustrated study of intensive farming practices. Emphasizes the dependence of national prosperity on agricultural progress and suggests means of maintaining productivity of high value land. Includes brief discussion of irrigation, fertilizing, machine farming, seed bed preparation, hay production and forage handling. Write to **J. I. Case Company, Racine, Wisconsin.**

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New Books

"The Last Grandee"

THE GREAT PIERPONT MORGAN. By Frederick Lewis Allen. Harper, New York. 297 pp. \$3.50.

MORGAN the Elder was an extraordinary man; and it's difficult to quarrel with the reference to him on the jacket of this vivid, objective biography as "America's mightiest—and last—grandee."

Much has been written about John Pierpont Morgan. Mr. Allen's difficult task in approaching a new book was to steer an accurate course between "the Morgan praisers and the Morgan-dispraisers." In this reviewer's opinion he succeeded.

Mr. Allen says in the preface that he would have "disagreed strongly" with Morgan "on most political and economic issues if I had been his contemporary."

"To me," continues the author, "he represented a trend in the direction of economic affairs which had to be altered for the good of the country. But I am also convinced that he was a man great in character and force, whose immense influence was in many respects salutary. What I have tried to do, therefore, has been to show what sort of man he really was; how his ideas developed out of his background and the traditions of the group to which he belonged, and out of his experience; how both his ideas and his actions conflicted with those of others whose background and experience differed from his; and how they influenced, and were affected by, the course of American history."

This was not an easy assignment, but the editor of *Harper's Magazine* has handled it well, avoiding the one-sided laud and one-sided derogation that mark other biographies of a financier who lived a life of superlatives. Mr. Allen develops his rich material (some of it new) along generally broad lines. The Morgan who emerges is the man rather than the emperor of Big Business. Essentially a "human interest" story, the book lucidly reconstructs the great and often intricate events its central figure shaped or had part in. The author offers little or no comment on the passing scene, leaving the reader to his own appraisal.

In this book you'll find the Morgan who got to the top as a collector of

manuscripts and rare books as well as a capitalist; who kept Thanksgiving in the traditions of his New England boyhood; whose succession of yachts *Corsair* carried him to far places; who as senior warden of St. George's Church transported bishops to and from Episcopalian conventions, greeted strangers at the church door on Sunday morning, and on Monday had the rector for breakfast; the Morgan who worked out big decisions over a game of solitaire in his famous library.

You'll also find Morgan the reorganizer of railroads, builder of corporations and supercorporations, the man with an infinite capacity for leadership, whose courage and imagination swept him into ventures that were usually (but not always) successful; the man feared by his rivals and venerated by his friends; the Morgan who believed that character was the keystone of credit.

Although this is not a definitive biography, several highspots in Morgan's career are developed at some length. Among them are the formation of the Steel Corporation, the Northern Pacific panic, the panic of 1907, and the syndicate that saved the Government's credit during the gold crisis of 1895. Incidentally, the book discloses for the first time the profit made by the American syndicate in that bond-selling transaction. Estimates have ranged up to \$16-million; the actual figure, says Mr. Allen, who had access to the records, amounted, with interest, to slightly more than \$2-million.

The Great Pierpont Morgan is a well-tempered picture of an era and a man who helped make it. The like of neither, it seems probable, will be seen again.

From Plymouth to Detroit

THE EPIC OF AMERICAN INDUSTRY. By James Blaine Walker. Harper, New York. 483 pp. \$5.

HERE is the story of the rise of business in America from Jamestown and Plymouth to Hollywood and Detroit.

Written for the general reader, this purposeful volume makes plain, as it relates the achievements of our enterprise and ingenuity, that political freedom and a high standard of living are closely interrelated; and it leads to the conclusion that attacks on our system "can

only succeed if we ourselves are inert." Numerous defects remain to be ironed out; they are aspects of a deeper problem: "Can this generation muster the moral and spiritual strength needed to direct the social, scientific and economic orders which have been devised? Is Man to be master or slave of his own creations?"

The answer, Mr. Walker believes, "can only be provided by the purposeful effort of a united people." Everybody must help; each person "must see in life something beyond an accumulation of gadgets."

The several hundred pages leading to this conclusion present the vivid pageant that includes the Puritan and his codfish, Paul Revere as a roller of copper, Samuel Slater as a spinner of yarn, the Erie Canal, steamboat, railroad, and clipper ships, Bell and the telephone, panics and depressions, competition and combination, financial adventures and adventurers, the growth of modern industry (including the movies, aviation, and radio), the new relationships between government and business, money management, the depression, and the two World Wars.

Mr. Walker says his book is particularly "the saga of those who, according to Lincoln, must be beloved of the Lord because he made so many of them—the common people."

The author, now associated with Goldman Sachs & Company, started as a lawyer, became a manufacturer, and then turned to investment banking.

The Debt

OUR NATIONAL DEBT: ITS HISTORY AND MEANING TODAY. The Committee on Public Debt Policy. Harcourt, Brace, New York. 173 pp. \$2.50.

THIS book brings together the seven studies, dealing with various phases of the debt, issued by the committee over a two-year period. Synopses of these reports were published from time to time in *BANKING*.

The components of the series have been edited so as to bring them up to date for the purposes of this book. Each study was written by a different author, although the committee took responsibility for the conclusions.

In this its final report the committee, headed by W. Randolph Burgess, chair-

man of the executive committee, The National City Bank of New York, proposes five basic steps for successful management of the debt. The action program is: Control the budget, reduce the debt, distribute the debt more widely, restore flexible interest rates, and nourish a dynamic economy.

"There is nothing novel in this program, nor anything easy and popular," says the committee. "There is no secret formula. The need is for nothing more or less than a stiff dose of sound American common sense."

World events and the inflation since the studies began have made effective action more difficult; nevertheless, a start has actually been made toward reducing the debt and the national economy has "come through the first postwar adjustment with far better production and employment than was expected." Also, we have fed other nations from our abundance.

"All of this is evidence to support the conclusion of the committee that this country has the power, if wisely used, to meet its foreign and domestic obligations and at the same time master the debt. The American people have time and again shown their ability and willingness to overcome difficulties if they understand what has to be done." The studies in this book are offered "to aid that understanding."

Other Books

GUIDEPOSTS IN TIME OF CHANGE. By John M. Clark. Harper, New York. 204 pp. \$3. Mr. Clark, professor of economics at Columbia University, offers in this little volume "some essentials for a sound American economy." The threat inherent in our Russian relations is, he says, the first condition to be met by our economy. It is also necessary for Americans to put their own house in order along common sense lines. More technical discussions concern methods of sustaining purchasing power, a theory of wages that might be the basis for a sound wage policy, are also discussed, and the broader changes evident at the present time and indicated for the future. We can be sure, says Professor Clark, that it is impossible to return to "past standards of normalcy."

MAINTAINING COMPETITION. By Corwin D. Edwards. McGraw-Hill, New York. 318 pp. \$3.75. Subtitled "Requisites of a Governmental Policy," this book by a former professor of economics at Northwestern University offers "the content of a policy designed to main-

tain the competitive system within the United States." It takes up the relation of the competitive segments of the national economy to the regulated parts, and sets forth the author's views as to how public planning and regulation can be kept from weakening the competitive policy. "The basis of our competition," says the author, "is threatened by an unprecedented growth of big business." Continuous strengthening of the competitive policy is needed to minimize the defects and dangers.

THE BUSINESS OF FARMING. By J. W. Fanning, W. T. Fullilove, and L. M. Awtrey, Jr. Ida Cason Callaway Foundation, Atlanta, Georgia. 199 pp. \$2.50. This book brings between covers much of the experience gained during the Georgia Better Farms three-year program, recently completed. The men directing this effort drafted budgetary controls that were put into effect on many small farms throughout the state.

The volume comprises problems and exercises in determining profits, planning operations, and keeping records. It discusses the calculation of averages, percentages, interest, and depreciation; determination of costs on certain items in farming; determination of profits from crops, livestock, and dairying. There is a section on planning farm operations and another on keeping simple farm records.

Cason J. Calloway, banker and agriculturist who is chairman of the agricultural committee, board of regents, University System of Georgia, contributes a preface in which he points out that although the book is essen-

tially a contribution to the training of farm youth, it contains much information on farming and provides reference material for agricultural workers, bankers, and farmers.

The authors are connected with extension and experimental work in Georgia.

ACCOUNTANTS' REPORTS. By William H. Bell. Ronald Press, New York. 365 pp. \$7. Fourth edition of a book for accountants and students of advanced accountancy, setting forth the best current methods.

YOUR LAND: SURVEYS, MAPS AND TITLES. By Fred C. Morris. Virginia Polytechnic Institute, Blacksburg, Virginia. 95 pp. 75 cents. This bulletin by Professor Morris of the Institute's civil engineering faculty explains two little understood aspects of land titles: the plane coordinate system for property descriptions and the Torrens System of land titles by registration. An historical review of the methods of handling land titles and a detailed explanation of the Torrens procedure are included. Also covered is an exposition of the practical uses of maps and aerial photographs.

WARTIME PRODUCTION CONTROLS. By David Novick, Melvin L. Anshen, and William C. Truppner. Columbia University Press, New York. 425 pp. \$6. A critical appraisal of the production control techniques devised and administered by the War Production Board and predecessor agencies from 1940 to 1945. Specific recommendations are made for future emergencies requiring similar government action.

CORPORATION FINANCE. By Floyd F. Burchett and Clifford M. Hicks, Harper, New York. 702 pp. \$7.50. A revised edition of a book on financial methods, controls, and policies for the business organization. Types of securities, methods of capitalization and security marketing, accounting policies and practices, problems of consolidation and reorganization, and public aspects of corporate fiscal policy are covered.

MONETARY RECONSTRUCTION IN ITALY. By Bruno Foa. Columbia University Press, New York. 147 pp. \$2.25. Another volume in a monetary series published for the Carnegie Endowment for International Peace. Others have covered Belgium and France. The period of this book is mid-1945 to mid-1948.

"Shall we stop playing with the coin-counter now, Miss Willis?"



The Condition of Business

(CONTINUED FROM PAGE 53)

In central Ohio the president of the First National Bank of Chillicothe, O. G. Kear, says:

"Except in some lines such as furniture and appliances, retail sales for first quarter in this trade area were on a level with the corresponding period a year ago.

"Unless influenced by major developments, national in scope, business here should continue at a satisfactory level for the remainder of the year."

A banker from Roanoke, Virginia, says:

"Generally speaking, business in Roanoke and vicinity is good. This does not mean, however, that there is as high a volume or as much activity as in 1948. There has been a noticeable decline of volume in most lines.

"Considerable new construction is either under way in this area or contemplated.

A banker from Utica, New York, reports:

"Banking deposits of all classes are holding about even with comparable figures of last year. Commercial loans to serve industry are up slightly and are available to all deserving customers. Mortgage money is available to meet all home construction needs. Personal loans, including consumers' paper, are outstanding in a somewhat higher amount than last year, with collections favorable."

Tourist Season Helps

President McNaughton of the First National Bank of Sault Ste. Marie, Michigan, states:

"The decline in retail trade so far is not of a serious nature as our payrolls have remained quite steady and our industries are well diversified. The Government has large installations in this area and on this account and the opening of navigation season here it would seem that business should remain good for the next six months. In addition, we have a large tourist business and the season is just starting."

From a Butte, Montana, banker comes this comment:

"Despite the downward trend throughout the nation, business in this locality seems to be holding up very well. In our community of 55,000, larger department stores report that while sales are 'spotty' the over-all trade is good.

"Bank deposits holding very well and business activity reflected in bank business. Activity noted as being spotty."

L. W. Duncan, president of the Commercial National Bank of Muskogee, Oklahoma, expressed this view:

"Unemployment has increased locally to some extent but is not alarming as yet. We have a number of local industries, including two glass plants, steel fabricating plant and quite a number of smaller manufacturing concerns. Our basic industry, however, in this section is agriculture.

"The retail volume locally is probably 10 percent to 15 percent below last year. We feel that it should level off, at least for the balance of this year, at about this point."

A well informed banker in Springfield, Missouri, shows some concern:

"The general business in this district has been very bad since the holidays. The Frisco Railway, which is the principal employer of labor, has been laying off around 40 percent of their men in the West Coach shops. The dairy industry in this county has slowed up considerably due to the bad winter weather we had; also the price of milk has been declining.

"Our own business has picked up during the past few

days and everyone seems to have a better feeling than they had three months ago.

A Peoria, Illinois, banker analyzes the situation this way:

"Our largest industry is the Caterpillar Tractor Company which is still in full production with considerable business ahead. Most other industries with which I am in touch locally are doing very well and seem to expect no slacking off until late in summer. Activity in our local stores seems to have been down considerably for the past month, but all are hopeful of a spring pick-up.

"Our loans in the last few weeks are running against the trend and are up, with deposits remaining about as of the first of the year. Our real estate loans have continued to rise.

"All indications would, therefore, seem that for the near future business would continue pretty good.

Unit Sales Up, Dollar Amount Down

President J. C. Wilson of the First Bank and Trust Company, Perth Amboy, New Jersey, says:

"The outlook in this area is favorable. While in dollar amounts retail sales are off probably about 3 percent for the first quarter of this year as against 1948, the reduction in prices of piece goods, particularly cotton and rayons, indicates that the number of unit sales is in excess of last year about 50 percent or more. However, due to reduction in prices, the dollar amount is about 3 percent down.

J. W. Bellamy, Jr., president of the National Bank of Commerce of Pine Bluff, Arkansas, says:

"The merchants of this area are experiencing a leveling off which should not be considered as a serious decline in average business. There is a tremendous amount of purchasing power in our territory in savings. The consumers are very cautious in their buying and there appears to be a waiting period with the expectation that prices will continue to decline during this year.

A Racine, Wisconsin, banker puts it briefly in this way:

"This is a metal working town producing largely farm implements and automobile equipment. Employment is down only three percent from a year ago but some plants are working shorter hours. Foundries are working four days. Retail trade is uniformly good and deposits are up."

A Matter of Attitude

E. Kenneth Hadden, president of the New London City National Bank, New London, Connecticut, recognizes some pessimism but does not go along with it:

"The general consensus at the retail and wholesale level appears to be that business is terrible. Manufacturers also indicate that volume is dropping off, and increased sales effort is necessary.

"We, however, do not add our voice to the general undercurrent of woe. We strongly feel we can talk ourselves into a large scale depression, but that a progressive, aggressive attitude toward our current 'return to normalcy' will result in a continued period of satisfactory earnings and progress—levelled off no doubt from our past excessive peaks, but satisfactory none the less. A pent-up consumer demand still exists, and the current dislocation we feel is primarily created by consumer resistance to present prices. This is essentially a temporary condition.

"In our estimation it is the bankers' duty to keep faith with our economy, to encourage rather than add to the fires of hysteria by sound counsel, and sound, constructive lending practices."

WILLIAM R. KUHN

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